

MAR 6 1922
THE
NATION'S
BUSINESS

March

GENERAL LIBRARY
MAR - 6 1922
UNIVERSITY OF MICHIGAN

University of Michigan.
General Library
Ann Arbor, Mich.

What's to Become of the Railroads?

HERBERT HOOVER
ALBA B. JOHNSON
HOWARD ELLIOTT

SENATOR CUMMINS
T. C. POWELL
ALEXANDER SMITH

The Government on Trade Associations

Germany's Plans for Capturing Trade

By FREDERICK SIMPICH, of the State Department

X For and Against the St. Lawrence Route

GOVERNOR ALLEN

CHARLES L. CADLE

Bringing the Sea to Main Street
Our Tariff-Making Machinery
America and the Metric System
Cheer Up! Times Were Worse

25 Cents



"It Speaks
for Itself"

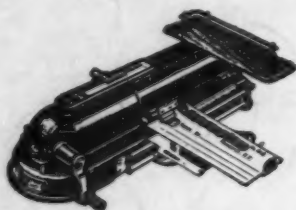


First public announcement of the new Forgery-proof checks that are *Different*—

PROTOD-Greenbac

The "Danger Signals" flash into view like magic when tampering is attempted.

The twinkling, changing pattern defies duplication or imitation.



Protectograph Check Writer, the world's standard of amount protection (Todd Two-Color patents) writes and protects in words representing Dollars and Cents, like this:

EXACTLY FIFTY ONE DOLLARS SIX CENTS

Each character "shredded" through the paper and insoluble ink forced through the shreds under heavy pressure. Paid-up policy for \$10,000.00, covering alteration of amount, to each purchaser of check writer.

TODD PROTECTOGRAPH CO.

(Established 1899)

World's largest makers of Check-protecting devices and Forgery-proof checks

1174 University Ave.

Rochester, N. Y.

PROTOD-Greenbac is furnished in various pleasing colors—blue, green, pink, gray, etc., but is always Green on the back. Printed or lithographed to your order by our special processes, each check or draft numbered, registered and safeguarded like a bank note.

(Both pattern and watermark are fully protected in U. S. Patent Office.)

Paid-Up Insurance Policy

Purchasers of Protectograph Check Writer and PROTOD-Greenbac checks receive a \$10,000.00 paid-up forgery policy covering: (a) Change of payee's name or date; (b) Raised amount; (c) Forgery of signature by any failure of our system of registration.

An additional insurance, if desired, at nominal rate of \$1 per year per \$1,000.

Mail this coupon with your business letterhead for forgery exhibits and specimens of PROTOD-Greenbac checks. See for yourself how the magic Danger Signals appear.

PROTOD-GREENBAC

Todd Protectograph Co., Rochester, N. Y.
Send forgery exhibits and specimen PROTOD-Greenbac checks.
Name _____
N. B. 3-22

H. Lawrence
p. 21

Insure Your Profits

The present erratic state of the foreign exchange market may turn your profit as importer or exporter into a loss over night unless you take proper steps to provide against such a contingency.

In arranging for the importation of goods, payment to be made at some future date in a foreign currency, it is possible to engage immediately a rate at which the required amount of exchange will be supplied you when the date of payment arrives.

Likewise the foreign exchange, which as an exporter you expect to receive at some future date for goods to be shipped abroad, can be immediately sold for forward delivery, thus insuring the amount in U. S. dollars which you will eventually receive for your merchandise.

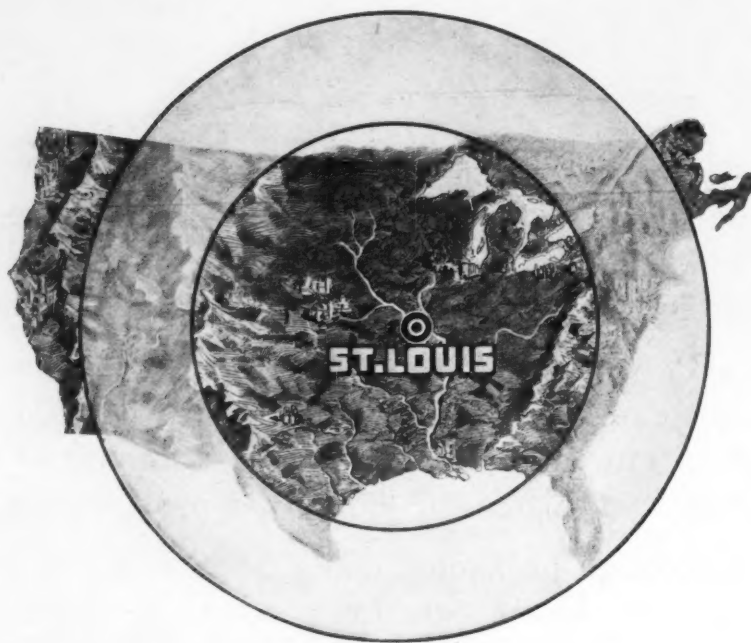
In this way you can remove from your foreign trading operations the undesirable element of speculation in foreign exchange, and in this respect at least business again can be conducted on a safe and normal basis.

The Irving is in a position to care for your requirements in situations like the above, and will promptly furnish complete information as to details upon request, either by mail or through a call at the Foreign Division of the bank.

IRVING NATIONAL BANK
WOOLWORTH BUILDING, NEW YORK



1851 1922: SEVENTY-ONE YEARS A BUSINESS BANK



Ship From the Center—Not the Rim

BUSINESS is seeking the center. The country's commerce is shifting. The progressive manufacturer today finds that in the matter of location he cannot afford to consider sentiment and tradition. If he is reaching raw materials and markets from the edge of things, instead of from the center, he is doing business at a disadvantage.

Every ounce of dead weight is being stripped from industry. The economic waste of double haul of basic materials and finished products at the highest freight rates in history *must* be eliminated to meet new world conditions.

Today the success of the manufacturer depends upon the factors which enable him to meet competition. Among these are central location, transportation facilities, nearness to raw materials, available fuel and labor, and ability to reach markets on a competitive basis.

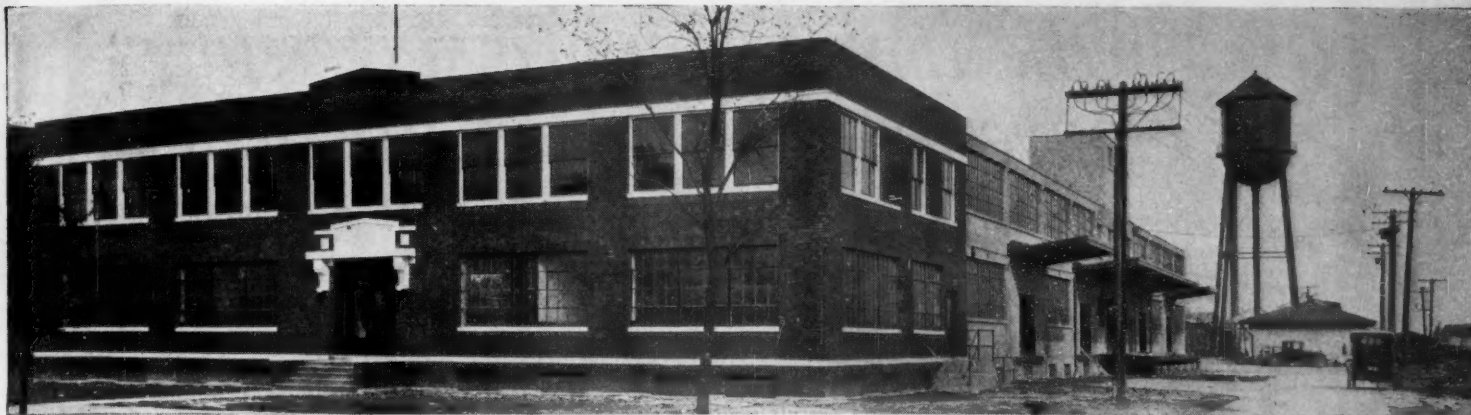
American industry was established in the East because the East originally was the center of population and commerce. Time has changed this condition. The growth of the country has pushed population and market centers westward.

St. Louis shippers reach two-thirds of the United States with a shorter freight haul via 26 railroads and the Mississippi River than those of any other big industrial center—besides shipping on one bill of lading to the ports of the world via U. S. river service at 20% under rail rates.

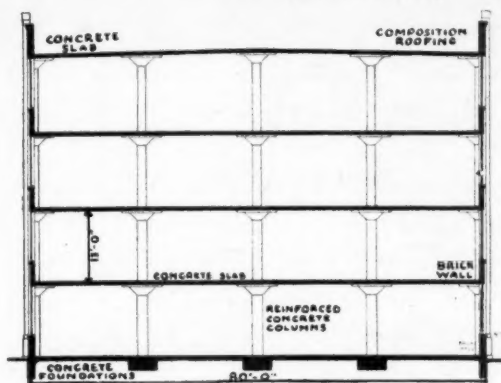
If your problem is geographical, look at St. Louis on the map. Ship from the center—not the rim.

Our free booklet "St. Louis as THE Manufacturing Center" will interest you. A letter will bring it.

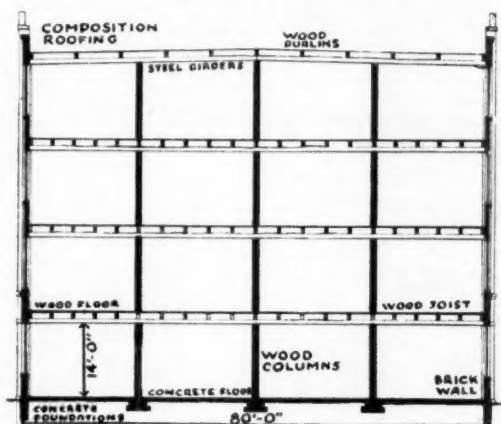
General Secretary
ST. LOUIS CHAMBER of COMMERCE
St. Louis, U.S.A.



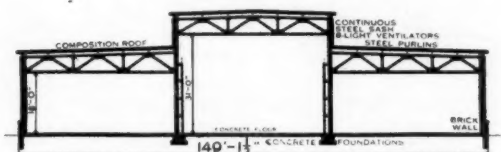
H. F. Watson Company. New Branch Plant at Chicago. Designed, built and equipped by The Austin Company.



Cross section Austin Standard No. 9.
A reinforced concrete multi-story type.



Cross section Austin Standard No. 8.
A steel frame mill or warehouse type.



Cross section Austin Standard No. 10.
Accommodates traveling bridge crane.

Who Gets the Business and Why?

The man who can deliver the goods. The concern that is prepared to produce *quality* and deliver it at a price, *gets the business*.

And why?—Because that concern has the facilities. It has the modern buildings and equipment. Its production operations are laid out scientifically. **IT MORE THAN MEETS COMPETITION.**

To help its clients GET THE BUSINESS, is the Austin objective—not merely to build buildings and erect equipment but to know the needs of the business, to plan and engineer for highest production and to create a property that will turn a profit for the owner and insure production for the investment.

By rendering such service to clients in every industrial field, Austin Engineers have accumulated an experience in engineering building and equipment that can be applied to any type of building problem, whether it be a complete plant, a single factory building, a multi-story building or a garage.

Consultation with Austin Engineers involves no obligation. Wire, phone or use the coupon today.

THE AUSTIN COMPANY, Cleveland Industrial Engineers and Builders

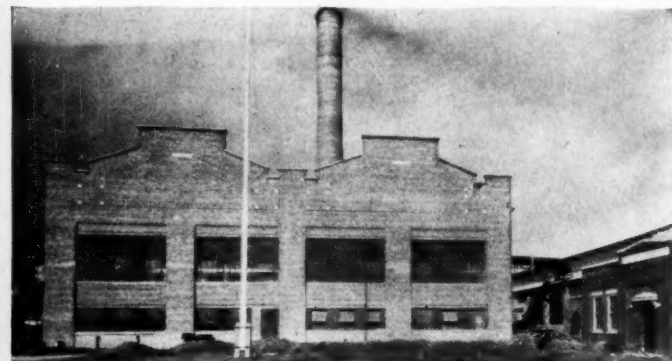
CLEVELAND CHICAGO NEW YORK PHILADELPHIA PITTSBURGH
DALLAS DETROIT ST. LOUIS LOS ANGELES

AUSTIN



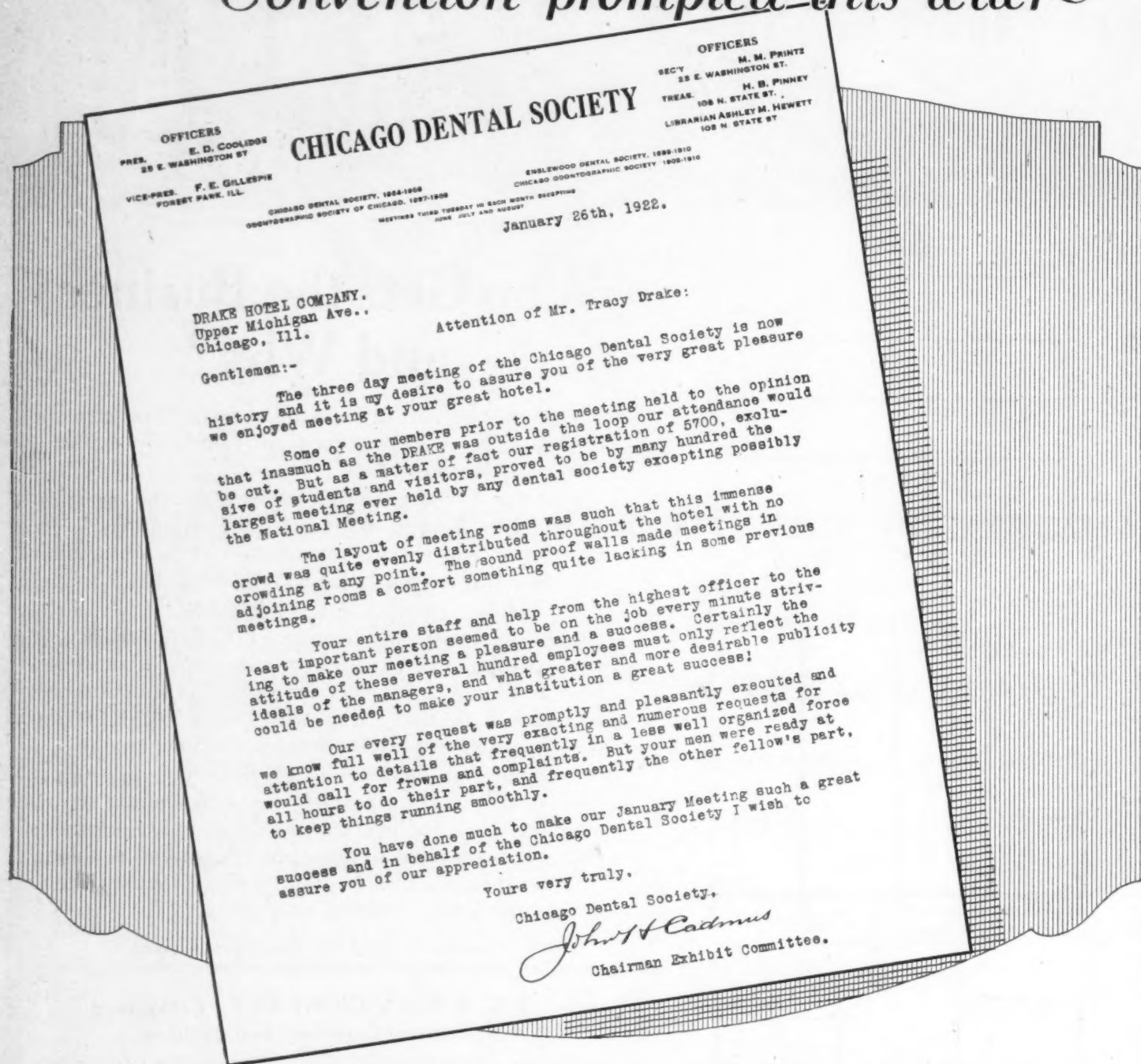
The Austin Company, Cleveland
GENTLEMEN: We would be interested in having a copy of your circular, "Facts You Should Have Before You Start New Construction". It is understood that this request places us under no obligation. We contemplate the construction of a ----- building.
----- wide, ----- long, ----- stories high.
Firm -----
Individual -----
Address -----

N.B.—March



The Log Supply Company Power House, a part of the mammoth new Canadian Plant at Berthierville, Quebec, built by The Austin Company.

The Impression of a successful Convention prompted this letter



Does this not prove that THE DRAKE is Chicago's real convention hotel? It offers facilities never heretofore available in Chicago, particularly from the standpoint of assembling and controlling a maximum attendance. Full particulars sent on request.

Lake Shore Drive and Upper
 Michigan Avenue, Chicago

THE DRAKE faces on Lake Michigan, yet is very near to the center of Chicago's commercial and theatrical districts. The business, social and recreational success of any convention is here assured. If ladies are in the party these advantages are doubly important.

The DRAKE

CHICAGO

THE DRAKE is under the direction of The Drake Hotel Company, owners of THE BLACKSTONE
 (Six minutes apart by taxicab)

Manufacturers!

DO YOUR GOODS reach your buyers in perfect condition? If not, you have dissatisfied customers, and a big shipping problem to solve! But every Container Club member solves shipping problems! And we'll solve *yours*—if you'll let us!

Perhaps we have already solved yours and you do not know it. Why not find out if we have? Why not inquire?

We want you to know that the Container Club brand, stamped on either corrugated or solid fiber containers, always stands for *superior quality*.

Furthermore, we Container Club members render a Service. We go with you into your packing room. We study all the details of your shipping — and keep at it till your problem is solved!

To do this we sometimes make a scientific and comparative test of both your package and ours in The Mellon Institute at Pittsburgh with which we are closely affiliated.

Sometimes we make a practical and comparative shipping test under your and our joint

supervision—all of which costs you nothing.

After such tests *you know* what our containers are sure to do for your business! They preserve your goods. They satisfy your buyers. They save buyers money. And they *make additional profits for you!*

The up-to-date factories of our 26 members are dotted all over the country. One or more of our members are certainly convenient to you. Write to them. They will gladly respond.



The Container Club

608 S. Dearborn Street, Chicago

In writing, please address members care of Dept. A3

Massachusetts

The Thompson & Norris Co.	Boston
Bird & Son, Incorporated	East Walpole
Agar Manufacturing Corporation	Medford
The Warner & Childs Company	Medford

New York

Agar Manufacturing Corporation	Brooklyn
Sefton Manufacturing Corp.	Brooklyn
The Thompson & Norris Co.	Brooklyn
Robert Gair Company	New York City
Buffalo Box Factory	Buffalo
Fenton Fibre Box Co.	North Tonawanda
The Rochester Folding Box Co.	Rochester
St. Regis Paper Company	Watertown

New Jersey

The Hinde & Dauch Paper Co.	Gloucester
-----------------------------	------------

Pennsylvania

Federal Container Company	Philadelphia
---------------------------	--------------

Ohio

The Ashtabula Corrugated Box Co.	Ashtabula
The Hinde & Dauch Paper Co.	Cleveland
The Hunt-Crawford Co.	Coshocton
The Richardson Company	Lockland
The Hinde & Dauch Paper Co.	Sandusky

Indiana

Sefton Manufacturing Corp.	Anderson
The Thompson & Norris Co.	Brookville
Fort Wayne Corrugated Paper Co.	Ft. Wayne
The Hinde & Dauch Paper Co.	Muncie

Michigan

American Box Board Co.	Grand Rapids
------------------------	--------------

Illinois

Atlas Box Company	Chicago
Chicago Mill and Lumber Co.	Chicago
Sefton Manufacturing Corp.	Chicago
Rockford Fibre Container Co.	Rockford

Wisconsin

Hummel & Downing Co.	Milwaukee
----------------------	-----------

Minnesota

Waldorf Paper Products Co.	St. Paul
----------------------------	----------

Kansas

Kansas City Fibre Box Co.	Kansas City
Lawrence Paper Manufacturing Co.	Lawrence

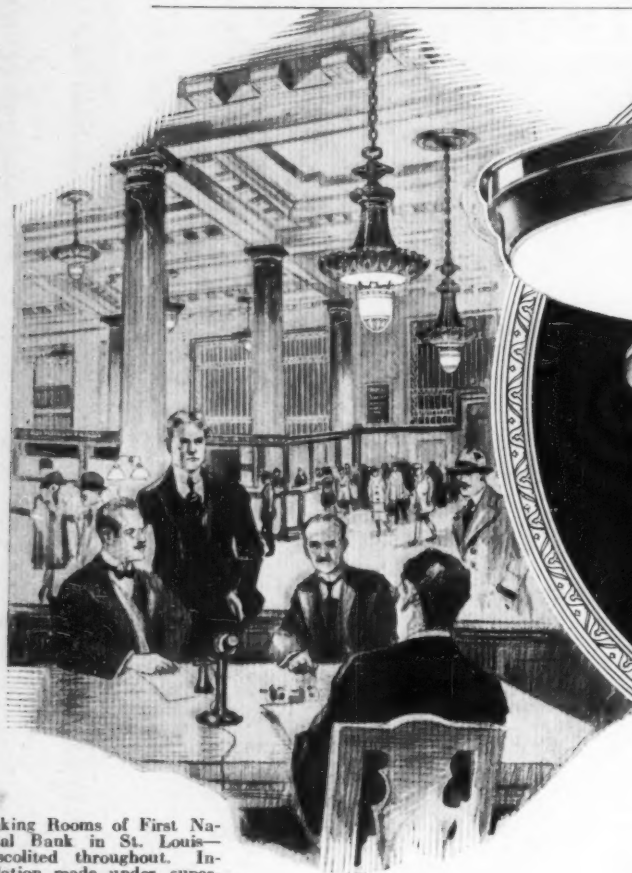
California

National Paper Products Co.	San Francisco
The Paraffine Companies, Inc.	San Francisco
The Paraffine Companies, Inc.	Los Angeles

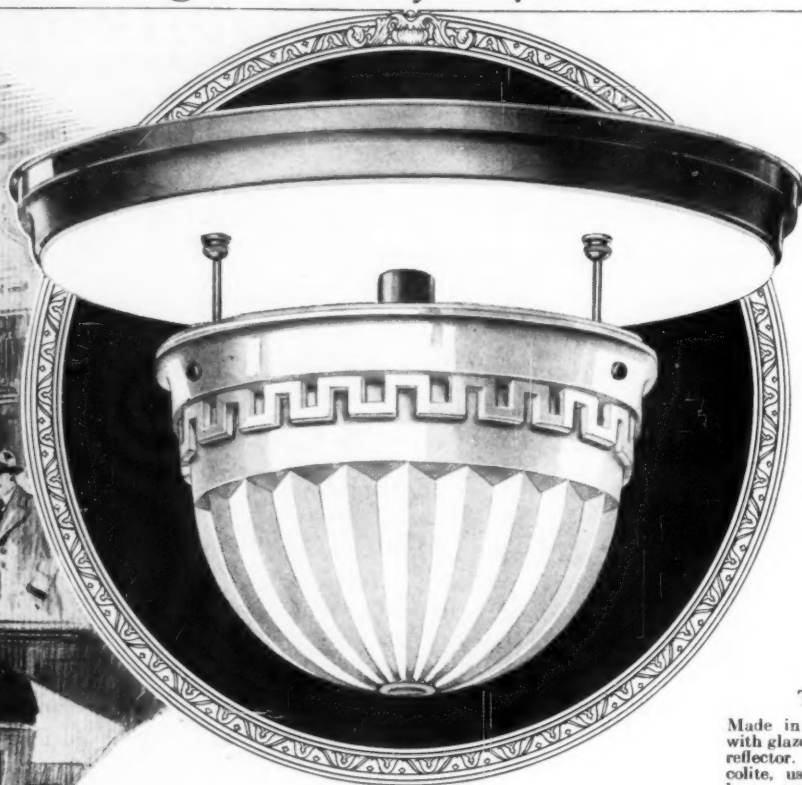
BRASCOLITE

PATENTED AND TRADE MARK REGISTERED

The Ideal Light for Every Purpose



Banking Rooms of First National Bank in St. Louis—Brascolited throughout. Installation made under supervision of Messrs. Mauran, Russell and Crowell, Architects.



TYPE AF

Made in 40 to 500-watt sizes with glazed porcelain enameled reflector. 150-watt size Brascolite, using 150-watt Mazda lamp, provides ample illumination for an area of 200 square feet. Price \$11.

Twice the Light $\frac{1}{3}$ Less Current Cost

The First National Bank in St. Louis, the largest national bank west of the Mississippi, in recently enlarging and remodeling its banking quarters, installed Brascolite illumination throughout.

The old fixtures each required fourteen 60-watt bulbs, or a total of 840 watts, and delivered two foot-candles of light. The Brascolites installed, harmonizing perfectly with the architectural treatment of the interior, each uses 550 watts and delivers four foot-candles of light—twice the light with one-third less current cost.

Efficiency and quality-illumination achieved through the Brascolite principle of *diffusion*

plus reflection at the source of light has made Brascolite the ideal light for every purpose—the largest selling lighting fixture in the world.

Made in a wide variety of types and styles to meet every lighting need, Brascolites have found universal popularity because of their low installation cost, low maintenance cost and high illuminating efficiency.

Write for illustrated booklets describing the Standard Brascolite line and special designs for offices, banks, stores, etc. For any special requirements our Designing and Engineering Departments are at your service, without obligation, for any special requirement.

For Stores,
Offices, Banks,
Hotels, Theaters,
Schools, Churches,
Libraries, Homes,
and
Public Buildings.

Better Light — — — Better Business

THE BRASCOLITE COMPANY, ST. LOUIS, U.S.A.

DIVISION OF ST. LOUIS BRASS MFG. CO.

BRANCH OFFICES (Sales and Service)

Atlanta Boston Chicago Cincinnati Detroit Kansas City Los Angeles Minneapolis New Orleans New York
Omaha Oklahoma City Philadelphia

Canadian Distributor: Northern Electric Co., Ltd., Montreal

Through the Editor's Spectacles

WE HAVE cast about from time to time for a sentence which would describe The NATION'S BUSINESS, but it remained for a writer in the *Bridgeport* (Conn.) *Telegram and Post*, in reviewing the January number, to turn the phrase. Here it is:

The NATION'S BUSINESS—a magazine which gives the best returns for the least time in keeping up with vital affairs of the country.

A life subscription to the reader who gives us a better one!

MANY readers have written to say that Mr. Charles F. Scott's "Gold Bricks in Blocs" hits the nail on the head. What Mr. Elmer Klise, general manager, Blackmer Rotary Pump Co., Petoskey, Mich., says is typical:

I am very much pleased with the article ("Gold Bricks in Blocs"). It is a very clear and courageous statement of facts.

The comment was not unanimous—happily—as witness this from an editor of a farm paper:

The article by Charles F. Scott in your February issue is terrible. Scott has some few glimmerings of truth, but most of what he says is distorted and misrepresented, and here and there a barefaced and unblushing lie. If the article is supposed to be real stuff, Scott ought to be hung, and if it is propaganda it is about as clumsy as anything I ever saw.

As we write this, two other letters, one strongly condemnatory and one in praise, come to hand. G. H. Martin, manager of Martin and Kennedy Co., Kansas City, tells us it would seem to him "as though someone needed to clear your eye-glasses of specks and things that becloud your vision," and gives some figures of farmer costs expressed in terms of corn similar to those William Butterworth cited in his January article. He has a good word to say, however, for the Federal Reserve System, which the Farm Bloc has bitterly attacked. "The bankers have gone through some pretty serious liquidation as well as the others," he observes. But he concludes his letter with high praise for the farmer and the Lexington flintlock rifles "that blazed the way to our liberty."

H. B. Hull, assistant to the president of the Illinois Central Railroad, is briefer. He asks for permission to republish the Scott article in the *Illinois Central Magazine*, and says: "We regard this as a highly constructive article."

A FINE plea for idealism in its affairs was made by President A. S. Bent, at the annual meeting of the Associated General Contractors in Cleveland last month. A hard-headed idealist wrote us about it. Mr. Bent says:

Through our highways and railways and our lighting and heating and temples and schools and homes we contractors touch all life intimately, and with this vital and varied contact comes to us an impressive but inspiring responsibility. It is given to us, if we see it rightly, to raise the standard of every man's service by fidelity of our own.

I make no apology for such idealism in an organization like this, because whatever our industry is today is the sum total of the thoughts that all the contractors in the world have about it, and it never will rise above that level. And as that level advances to

25 Cents a Copy

\$3.00 a Year

In this Number

	Page
What About the Railroads?.....	11
A Way Out of the Railroad Tangle... By HERBERT HOOVER.....	12
Escape Government Ownership!..... By SENATOR CUMMINS.....	13
Spreading Depressions Thinner..... By T. C. POWELL.....	14
New Railroad Agency Opposed.....	15
Another Government Regulator?..... By ALBA B. JOHNSON.....	16
Give Management a Chance..... By HOWARD ELLIOTT.....	17
Not Less, But Wiser, Regulation..... By ALEXANDER SMITH.....	18
America and the Metric System.....	19
Bringing the Sea to Main Street..... By CHARLES LYON CHANDLER.....	20
For and Against the St. Lawrence.....	21
For—GOVERNOR ALLEN. Against—CHARLES L. CADLE.	
The Tariff-Making Machine..... By WARREN BISHOP.....	24
From a Traveler's Notebook..... By A. C. PEARSON.....	25
What Can Trade Associations Do?.....	26
Views of Secretary Hoover and Attorney General Daugherty	
Germany's Struggle for Trade..... By FREDERICK SIMPICH.....	28
What to Do About the Tariff..... By JOSEPH H. DEFREES.....	30
Editorials.....	32
Insurance Against Speculation..... By ALVIN E. DODD.....	34
Air Transport for America..... By CLIFFORD ALBION TINKER.....	36
Business Conditions with Map..... By ARCHER WALL DOUGLAS.....	38
Nation's Business Observatory.....	40
The Log of Organized Business.....	44
Putting Statistics to Work.....	47
"Inside" Federal Reserve History,.... Book Review. by SILAS BENT.....	52
Business and Human Beings..... By FRED C. KELLY.....	55
"Income in the United States".....	60

THE NATION'S BUSINESS

Vol. 10

No. 3

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

MERLE THORPE, Editor and Publisher

F. S. TISDALE, Managing Editor

SILAS BENT, J. W. BISHOP and BEN H. LAMBE, Associate Editors

General Offices, Mills Bldg., Washington, D. C.

Eastern Office

Western Office

Central Office

GEORGE K. MYERS
Woolworth Bldg., New YorkVICTOR WHITLOCK
Otis Bldg., ChicagoCLYDE A. STEVENS
Cleveland Discount Bldg., Cleveland

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

higher planes of integrity and service, we shall travel farther and farther away from that stigma of sordidness which has clouded our history in the past, and it is given to the Associated General Contractors to carry that bright banner in the very vanguard.

Of course ethical achievement is not statistical. We can't measure our progress along those lines. Nevertheless, I firmly believe, and you do too, that it will be our real, our most profitable progress, and the span of our activities is not limited to our own present interests.

We are trying to make contracting a finer thing for those who will come after us. We are consciously sowing the seeds which will be harvested by those whom we can never know. Is there any finer thing in life?

The speaker closed with this bit of verse, called "The Bridge Builder":

An old man, traveling a lone highway,
Came at the evening cold and gray,
To a chasm deep and wide.
The old man crossed in a twilight dim,
For the sullen stream held no fears for him,

For he turned when he reached the other side,
And builded a bridge to span the tide.

"Old man" cried a fellow pilgrim near,
"You are wasting your strength with building here.
Your journey will end with the ending day
And you never again will pass this way.
You have crossed the chasm deep and wide
Why build a bridge at eventide?"

And the builder raised his old gray head,
"Good friend, on the path I have come" he said,
"There followeth after me today
A youth whose feet will pass this way.
This stream which has been naught to me,
To that fair-haired boy may a pitfall be.
He, too, must cross in the twilight dim,
Good friend, I am building this bridge for him."

WIDENING circles of influence," was the comment of a friend of The NATION'S BUSINESS in stating that he was seeing more and more magazines and newspapers reprinting the "sound economic doc-

S. H.

Green Stamps

The Discount that's due

During the coming year merchants throughout the country will be forced to meet, and solve, many merchandising problems heretofore unheard of in the retail field.

People who formerly purchased "anything they wanted" now wait a long, long time before they buy.

The wise merchant who doesn't need to have the signal waved frantically before his eyes before he prepares, will seek some practical means for establishing goodwill, holding old and gaining new trade and increasing his volume of sales—cash sales.

In the *Sperry* Service the merchant will find just what is needed. For 25 years *S. H.* Green Stamps have helped thousands of merchants to solve such problems, eliminate many common trade evils, and in a sound and thoroughly practical way build for better business and encourage the most beneficial mode of buying on the part of American housewives.

The results are successful because the principle is sound.

THE SPERRY & HUTCHINSON CO.
114 Fifth Avenue New York

trine" from this magazine. We, too, have noticed it and are gratified. Scarcely a day passes that permission to reprint is not granted. Within the week, for example, the Illinois Central desires to print "Gold Bricks in Blocs"; the *American Cutler*, "The Beech-Nut Decision"; Butler Manufacturing Co., "Houses Like Ours"; *Popular Engineer*, "Drilling for Pure Power"; John C. Winston Co., "A Close-up of Muscle Shoals"; *Literary Digest*, "Ford is Right—and Wrong"; Imperial Candy Co., *Printer's Ink*, and *Patent and Trade Mark Review*, "What's Your Label Worth?" and *The Premier Press*, Cleveland, Business Conditions Maps.

The publishers, D. C. Heath & Co., ask permission to include, in a volume they are bringing out, "Problems in American Democracy," our article "The Labor Program of Business," and this month the H. W. Wilson Co. have published our complete series of "White List of Business Books."

Nor is this interest confined to the magazines. We subscribed last year to a newspaper clipping service and find that during the twelve months more than 4,000 reprints were made from *THE NATION'S BUSINESS* by the daily press. It speaks well for the growing interest on the part of the general public in the larger problems of the nation.

THIS reminds me of the business man who most politely wrote us the other day that he was too busy at home to be interested in the nation's business. (He meant *THE NATION'S BUSINESS*.)

Most politely we contend that he is interested in the nation's business (spell it either way) but doesn't know it. Analyze this interest in its simplest form:

The nation owes 24 billion dollars, approximately \$225 for each man, woman and child. Our friend lives in a city of 10,000 population, and his city owes, therefore, two and a quarter millions. If it were as *tangible* as it is *actual*, and owed at the local bank, this man would, you bet, be mightily concerned as to its method of payment.

In like manner, he is helping spend 4 billions yearly through Washington and 50,000 federal employees. This means \$40 a year on each man, woman and child in his city, or \$400,000 in all. Isn't he interested in a Federal Budget system, say, which in all likelihood will save his city \$50,000 a year? It's a fair wager that our friend would take off his coat and work a month to get a new industry in his town with such a payroll.

Once more, foreign countries owe his city \$1,270,000. Another tidy sum, if the local bank owed it to his city. Isn't he concerned as to whether a part of it, or all of it, should be canceled? Or refunded?

Oh yes; the past few years have brought the affairs of Washington and the entire world to our very front doors, and whether we will or no the nation's business is the business of each one of us.

HERE is a question for those curious economists who say that the United States can get along without the rest of the world. It is propounded by Mr. E. R. Dick, secretary of the Coffeyville Vitified Brick and Tile Co., Coffeyville, Kans. Mr. Dick says:

Perhaps some of these early days you can find a competent writer who can explain how the proposed new standard of living for the American working man can be carried out now or in the future so long as practically the whole world, outside the United States, is making a mere existence.

Perhaps this same writer can describe just what the new standard of living constitutes,



**Here
It Is \$20**

A Side Panelled, Flush
Top, Four Drawer,
Solid Oak Letter File

Introducing the Improved

Weir

1700 Line Cabinets

Two, three and four drawer heights in Letter and Legal Cap Widths in Golden or Natural Oak or Birch Mahogany finishes. Made to meet the demand for a cabinet built as sturdily as the popular *Weir* 421, but with flush (flat) top and panelled sides.

Sizes and Prices

No. 1724. Four Letter Width Drawers...	\$20.00
No. 1723. Three Letter Width Drawers...	18.00
No. 1722. Two Letter Width Drawers...	13.50
No. 1734. Four Cap Width Drawers...	25.00
No. 1733. Three Cap Width Drawers...	21.00
No. 1732. Two Cap Width Drawers...	15.50

Birch Mahogany 10% Extra

NOTE—These prices apply in North, Central and Eastern States. Consistently low in West and South

FREE Our Booklet Filing Suggestions.
Complete Catalog of Filing Equipment,
Filing Supplies and Sectional Bookcases
and name of nearest *Weir* dealer.

The *Weir* Manufacturing Co.

92 Union Street Monroe, Mich.
New York—52 Park Place



The Perfect HAVANA CIGAR Must Come From This Section

Why? Simply because the ideal humid air conditions which prevail in South Florida and North Cuba are absolutely essential to making the finest Havana tobacco into the finest Havana cigars.

This same tobacco manufactured in a dryer, less perfect atmosphere loses much of its flavor and wonderful bouquet in the making.

We manufacture a complete line of cigars, ranging in price from \$7.00 to \$20.00 per hundred. All sizes and degrees of mildness are represented.

Our Clear Havana cigars are as fine a product as can be found anywhere and universally please the tastes of the most discriminating judges of tobacco.

We have almost innumerable intermediate brands between our Clear Havanas and our least expensive blended fillers. Our finest grades are Clear Havana, but even our most inexpensive cigar is almost wholly made up of this mild, sweet tobacco.

The average cigar store cigar, being 30 or 60 days old before you get it, has deteriorated from 25% to 50%. The cigars you buy from us come to you direct from Tampa, are freshly made and therefore contain all the original Havana flavor and aroma to which you are entitled.

Write us about our brands. We believe that we can furnish you with a better cigar than you are now smoking, at a fairer price than you are now paying.

Write on your letterhead, please, or enclose your business card, informing us about what price you care to pay and the shape you prefer; also, whether light, medium or dark. It will then be our pleasure to send you some cigars to try out.

We never require cash in advance, nor do we ship C. O. D. Everything is on open account and every shipment is on approval.

THOMPSON & COMPANY, Inc.,
Cigar Manufacturers

709 Twigg Street, TAMPA, FLORIDA
Factories: Tampa and Key West

HARVARD UNIVERSITY

Economic Service

will help you at this uncertain time when a dependable business forecast can prove of tremendous practical value.

Nearly 1,000 of the leading business concerns of America are following this Service regularly as a guide in planning their business moves.

Subscribers were warned of the recent depression fully six months before it occurred. They are now receiving forecasts of events for the coming months. Price \$100 a Year.

Write for circular and latest
Weekly Letters

Committee on Economic Research
15 Wadsworth House, Cambridge, Mass.

ATTENTION, SECRETARIES!

WANTED

Location for a grocery specialty wholesale house, in a small city from three to six thousand population without a wholesale grocery house.

Box 131
THE NATION'S BUSINESS
WASHINGTON, D. C.

that is, give the different items that should be enjoyed under this new standard of living.

We might observe, while waiting for a volunteer to answer Mr. Dick, that here is one business man a long way from the sea who doesn't need to be told that commerce is international and interdependent.

IN THIS column last month we displayed with some pride letters from sufferers who endorsed our ruthless campaign against the puzzle signature which appears on so much business correspondence. Instead of putting our lance back in the rack, we are going to charge down upon another evil that lurks in the mails—the evil of superfluous words in ordinary business letters. Take as a horrible example the following:

Mr. Jonas Carp, Esquire,
Care, Carp, Salmon & Salmon (Successors to
Finn & Gill),
No. 448 Ocean St., S. W.,
Seabreeze, Arizona, U. S. A.,
Western Hemisphere, Earth.
My Dear Mr. Carp:

I beg to acknowledge receipt of your valued favor of the 30th ult. in which you ask for particulars regarding shipment of your order No. 344785, dated June 15, 1921, signed "Boggs," for three hundred (300) lbs. of Blue Nose soft shell crabs; A No. 1 quality. I desire to thank you for calling the matter to our attention.

In reply beg to state that we have gone into the question quite thoroughly and as a result have found that our records show said order of A No. 1 soft shell crabs was shipped you on June 17, 1921, via the Baltimore & Ohio Railroad, way bill No. C 139524001. Trust same will reach you in due course of time and in satisfactory condition. If not, pray do not fail to call the matter to our attention again.

With every assurance of best wishes for the prosperity of your concern, believe me sir, I beg to remain,

Yours very truly,

(Signed) J. H. HIGGS, JR.,
Vice-President and General Manager Crab,
Lobster and Game Fish Corp., Inc., St.
Charles and Baltimore Sts., Chesapeake,
Md.

JHH/VC

Now, what did Mr. Higgs have to say? Very little, and if he had been brief about it he would have saved, (a) his own time, (b) the time of his stenographer, (c) wear and tear on typewriter, (d) ditto carbon paper, (e) ditto typewriter table, (f) vibration of floor and walls, (g) overhead of his company, (h) the time of Mr. Carp, (i) the time of Mr. Carp's secretary who feels that she must read all his mail and (j) overhead of Carp's organization. In writing the letter, Higgs could have compressed all the essentials into this form:

Carp, Salmon & Salmon,
Seabreeze, Ariz.

Crabs shipped June 17; B. & O.

J. H. HIGGS.

It is a curious fact that neither the efficiency experts nor the standardization people have noted this great waste in commerce as now conducted. We give them the idea for whatever they may be able to do with it.

OF THE multitudinous and multifarious stories on salesmanship brought in this office here is a good one with a snapper: A Chicago-man was ill. The doctor came in from consultation and said "I'm sorry, sir, but it's smallpox." The patient turned on his pillow and an old-time light shone in his eye. "Julia," he said to his wife, "tell those salesmen to come on in. At last I've got something I can give 'em!"

M.T.



LET US MANAGE YOUR COAL MINES

Secure for your mine the profitable benefits of operating methods tested and matured by 38 years of ownership or active control in virtually every field. You are assured of efficient, effective and economical operation through—

PEABODY Operating Management

Because we have at our disposal the constantly increasing wealth of data on mining conditions, cost items and sales problems which grows out of our extensive management operations, we can economically give all our clients a service which would be prohibitive to the single owner. Write for descriptive booklet.

PEABODY COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO
Operating 36 bituminous mines in 11 fields
with annual capacity of 18,000,000 tons.



Keying up a Reduced Force to Increased Personal Efficiency

—a bulletin for proprietors and managers, describing an inexpensive and easily-inaugurated method by which the effective time of every important individual employee can be measurably increased without demanding extra effort of the employee.

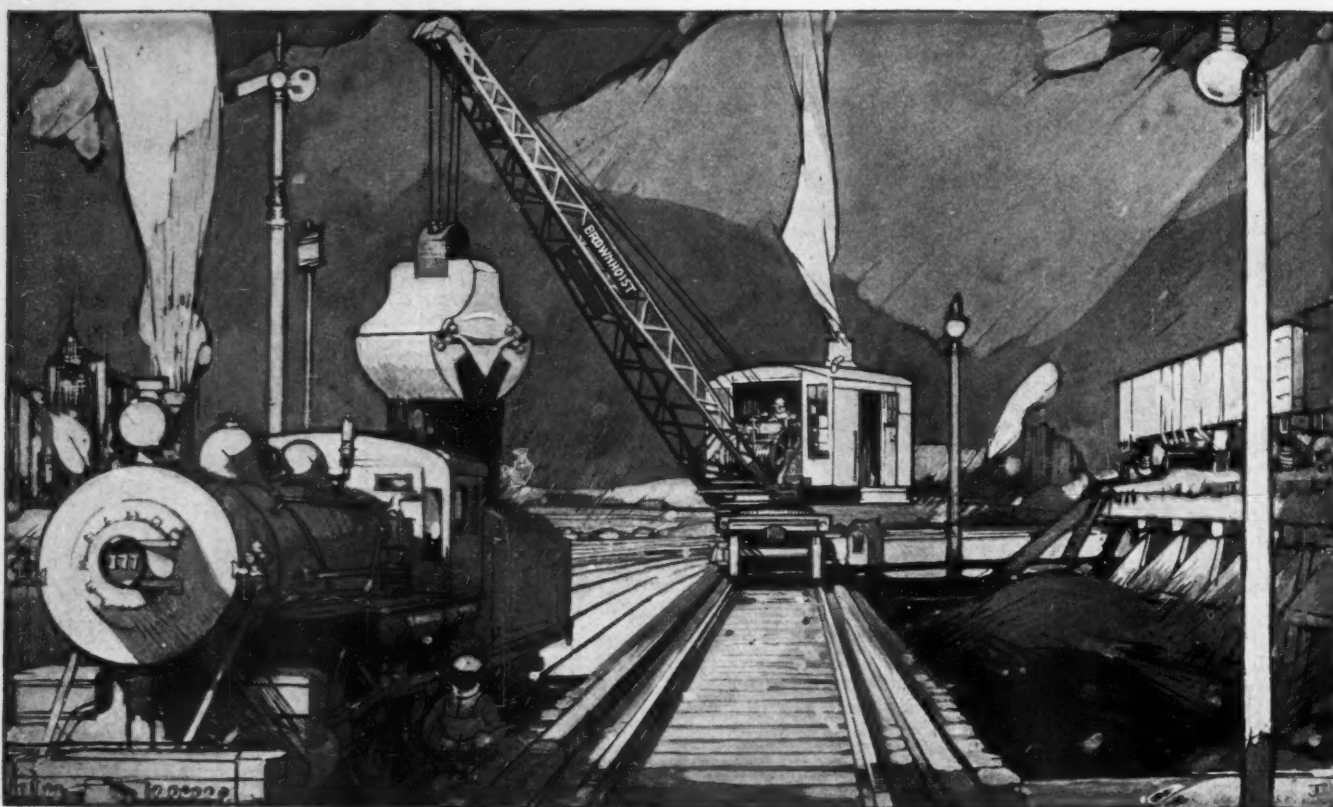
Mailed on request to proprietors and managers. Write The Autocall Company, 220 Tucker Street, Shelby, Ohio, asking for Bulletin K.

Donley D. Lukens

writer of

Successful Sales Letters

4908 Laclede Ave., St. Louis, Mo.



Locomotive being coaled by No. 4 Brownhoist Crane with Brownhoist Bucket

Saving Time and Labor Waste

Brownhoist Crane Uses

With Bucket
Coal, ore, sand, gravel,
limestone, etc.

With Hook
Structural materials,
machinery, lumber,
building forms, etc.

With Magnet
Scrap, sheets, bars.

Driving Piles
Switching Cars

Among the widely diversified labor saving uses for Brownhoist Cranes is the coaling of locomotives.

In this work where day after day continuous service is so necessary, dozens of Brownhoists are proving their excellence.

These cranes not only do their coaling job—in addition, a large number of them are used for handling ashes, sand, etc.

On coaling service a Brownhoist proves its economy, just as on other jobs. The average Brownhoist costs less than \$15 per day—depreciation, interest and all other items considered.

Our booklet "Catalog K" is full of interesting uses and facts on crane economies for the busy executive. May we send it?

The Brown Hoisting Machinery Co., Cleveland, O.

Branches: New York, Chicago, Pittsburgh, San Francisco, New Orleans

BROWNHOIST

M A T E R I A L H A N D L I N G M A C H I N E R Y

THE NATION'S BUSINESS

A Magazine for  Business Men

VOLUME 10, NUMBER 3

MARCH, 1922

What About the Railroads?

CONSIDER again our old and valued friend, John Smith, this time engaged in the manufacture of baby buggies in the first rate industrial center of Busiton. He makes an excellent baby buggy in a modest way and prospers, also in a modest way, joins the Chamber of Commerce, pays his taxes and otherwise carries himself like a good citizen who realizes that his interest and that of his country run parallel.

But a new generation has brought new methods into business. Mr. Smith finds in his mail one day four communications coming from Washington and bearing official franks in place of postage. Briefly, they are about as follows:

A notice from the National Board of Baby Buggy Control informing him what prices baby buggies are to be in the district in which he markets his goods.

A communication from the same board notifying him that the parents of South Skidway have complained that the supply of baby carriages in their territory is insufficient and ordering him to increase shipments.

A communication from the Labor Board announcing the wages of the men and women who work in his factory and the hours which they may be employed.

Announcement of the passage of a bill declaring that the government holds that baby buggy manufacturers should earn 6 per cent on their invested capital.

Some time before he reached this point the reader has said to himself:

"There he goes! Talking about the railroads again." Yes. We were, and crudely put, there is the situation which confronts the railroad today. The price of practically everything they sell—transportation of passengers and freight—is fixed by one government body, while the price of two-thirds of what they buy, labor, is fixed by another official board.

The phrase "competition in service" has been used as indicating what the railroads might do after they came back into private hands again but with added government regulation. One wonders how much "competition in service" there would be among three grocers in a town if the town council fixed the prices of their goods and the wages of their clerks and drivers.

There is no purpose here to carry too far the analogy between the railroads and other lines of business. The railroads are not a private business. They must inevitably be under government supervision. What concerns the country now is not the "why" of government regulation of railroads, but the "how."

From all over the country comes a cry for a lowering of railroad rates on this product and on that, on freight and on passenger travel.

A hearing before the Interstate Commerce Commission tends to be like a lawsuit between two parties contending over the ownership of a piece of property. Railroad rates are not private property, they are the concern of the public. If rates are raised on potatoes and lowered on shoes, your pocket and mine are involved quite as if the fare between Chicago and New York were raised or lowered and you or I traveled that way each month. The concern is not only that of the man who raises potatoes or makes shoes. It is that of the man who eats potatoes and wears shoes.

Just the other day we saw the general first appearance of a spokesman for the public before the Commerce Commission. Secretary Hoover appeared as a representative of American business, not as a party interested on either side.

Only in that character could he argue for a broad basis of rate reduction on primary commodities in order to "expedite the recovery that can only come through decreased spread between producers' and consumers' goods."

Is the public properly represented in the task of straightening out the post-war tangle of the American railroads? That in a simple form is the question that came before the National Councilors of the United States Chamber at their annual meeting.

The Council, with Secretary Hoover's appearance in mind, recognized that "the public interest requires such an authoritative presentation when matters of national importance in transportation are under consideration," but did not think timely for submission to referendum the committee suggestion for a Commissioner-General of Transportation.

Is the railroad question timely? Hark back to Secretary Hoover's appearance as a spokesman for the public and read these two paragraphs:

It is probably unnecessary to refer to the question of government ownership. No one with a week's observation of government railroads abroad, or with government operation of industry in the United States, will contend that our railways could ever be operated as intelligently or as efficiently by the Government as through the initiative of private individuals. Moreover, the welfare of its multitude of workers will be far worse under government operation.

We are struggling with the great problem of maintaining public control of monopoly, at the same time maintaining the initiative of private enterprise. I believe that we are steadily progressing to solution.

WE may assume that Mr. Hoover does not mean, when he says that it is "probably unnecessary" to refer to government ownership, that the danger of government ownership is past.

Here is an opinion on that point. It is a sentence from a memorandum written by a man thoroughly conversant with the relations of government to business.

My opinion that the railroads are coasting towards government ownership would be worth nothing were it not backed up to a very large extent, if not to the full extent, by men who have a right to an opinion.

The phrase "drifting towards government ownership" has been often in the public eye. "Coasting" gives us a different idea. There's not merely speed, but constantly increasing speed, in coasting.

One way to check that "coast" may lie in a wider and wiser recognition of the public's part in the railroad problem. It is that which engaged the attention of the National Councilors at their annual meeting. It is that which justifies THE NATION'S BUSINESS in the space it devotes this month to the opinions on both sides of the plan suggested by the Railroad Committee.

Both drifting and coasting are dangerous methods of progress. Each suggests a lack of control.

A Way Out of the Railroad Tangle

By HERBERT HOOVER

Secretary of Commerce

IN THE discussion of the effectiveness of our present railway legislation I feel that many people realize that the new legislation has not had a chance. The average drop in the price of commodities throughout the United States in less than eighteen months has been nearly 50 per cent. We have never in the history of the world seen a drop of values of such velocity as this. We have seen a shrinkage of probably twenty billions of dollars in the value of consumable commodities in that period. That this country has been able to maintain its productivity, to maintain as large a portion of labor employed as it has, that its railways have not gone into the hands of the receivers, that our banks have not been the scenes of panics is to me a matter of daily comfort.

We have passed the danger point some months ago and are now upon the up grade.

Therefore I have no lack of confidence in this situation. It does seem to me that an economic system and a people that can stand such a violence as we have gone through in the last eighteen months will weather the next twelve months of recuperation. We cannot gauge our railway performance upon the last eighteen months, and there is no reason why we should not show steady progress in the expansion of our traffic in the next twenty months, steady progress in the economy in the operation of our railways, and we should by that time be able to arrive. We have tried unlimited monopoly on one hand and demonstrated it is a failure. It was a long, bitter battle by which the public won the control over the railways. The war came on and we tried government operation of railways. We have had enough experience with that for the present.

The Esch-Cummins Act is a new attempt at solution, and in the midst of this violence of readjustment it has not had a fair trial yet. Great and difficult problems of this kind really find their solution through processes of trial and error. We tried unlimited monopoly and tried partial rate control; we tried government operation, and they both proved their error. The Esch-Cummins Act tries to bring about the constructive operation of the railways under private enterprise, reserving the essence of individual initiative, freeing the country from the bureaucracy of governments and establishing a basis of proper relation to the public.

The criticism of section 15A of the Transportation Act that I have received seems to revolve upon the idea that that is some sort of guaranty. It is not a guaranty but a goal. As a matter of fact, the railways have been in operation for a year and a half under the act. They have not earned 6 per cent and the pub-

MR. HOOVER is an engineer with an international reputation; he is also Secretary of Commerce. In his position he has every opportunity to observe the workings of government as it affects business. His training gives him a true perspective on the possibilities of better organization. This lends special interest to what he has to say about coordinating offices that deal with carriers.—The Editor

lic has not been called upon to pay the difference. In other words, Section 15A is not a guaranty; it is a hope of financial stability and it is a hope that must be realized, for unless it can be realized we shall be strangled in the toils of our own railways. Its calculations are based not upon the nominal capital of the railways, water or not water; they are based upon a determination of their real value determined by the government.

The fundamental necessity of the country today is to re-initiate maintenance and betterment and expansion of these railways. Unless we can restore confidence in the railways as an investment we cannot expect that period of construction to come about. The railways are today paying more for capital than the act will secure for them—much more than municipal and other securities.

It has been proposed that some agency should be created in the government that would act as a neutral in the presentation of the interests of the public as a whole in disputes between shippers and the railways. Now, there is a field for useful further ex-

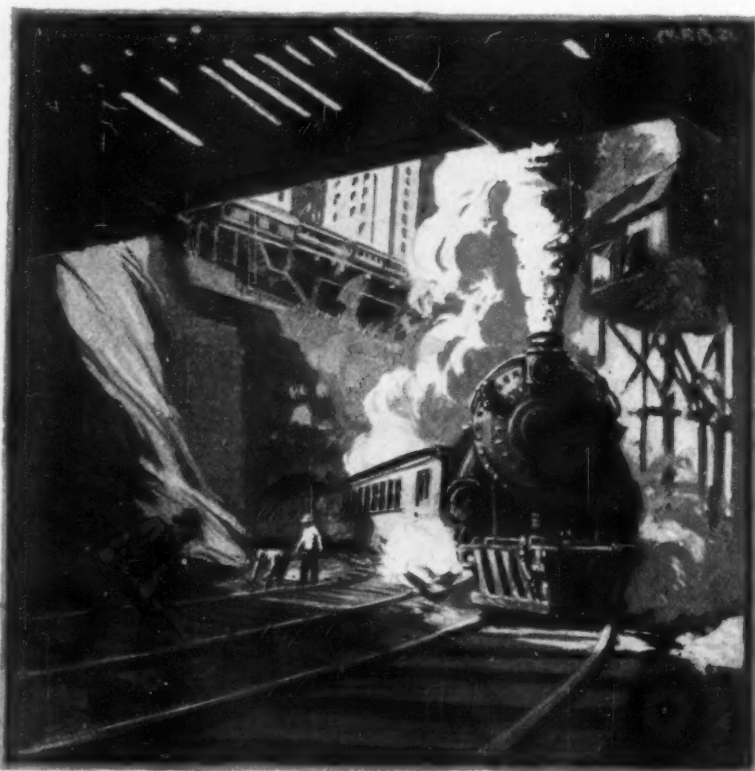
pansion of governmental activity in this direction, more especially as the day is coming when we must consider the coordination of our railway transportation with that of the public roads, the great waterways, and our overseas transportation. Today there is no coordination between these four great methods of transportation. There does need to be constant illumination of the public mind in the whole question of the more efficient development, the more efficient coordination of these agencies. It has been suggested that such a function of the government should be created as an independent agency acting directly under the President.

I hope that in the course of the next few months the Committee on Reorganization of the Federal Government will have presented the results of its long study to Congress. One of its chief objectives is the elimination of some dozen or more independent agencies in the Federal Government. One of the principles upon which that committee is acting is that the Government should be so reorganized in such fashion that the members of the Cabinet, as the administrative arms of the President, should be able to reflect to him all of the strictly administrative organs in the whole federal machinery.

I am convinced that such a function as has been proposed could be of value to the public. But we are in a state of flux in our entire governmental relationship to transportation. My own thought is that within a measurable number of years we will probably have arrived at the necessity to create an actual Secretaryship of Transportation.

We have an enormous mercantile marine in process of liquidation from government ownership. That liquidation can be most ably carried out by the body especially appointed for that purpose—that is, the Shipping Board—much more ably than it could be done in a purely departmental manner. This will take time, and when it is completed our relations to shipping will be infinitely more simple—they will be promotive. Furthermore, our relations to public roads, the method and the interest of the Federal Government is still somewhat undefined.

The development of government relationship to railway problems will receive a great deal of advancement during these next two years. It is quite possible that a general consolidation of these many organs of the Government together under a Secretary of Transportation may be advisable. I do not include the judicial, semijudicial, or advisory functions in such a possible consolidation, such as the Interstate Commerce Commission, the Railway Labor Board, etc. They must retain their independence of purely administration and promotion agencies.



Mr. Hoover points out that the railroads are only a part of our transportation system. When that system is really coordinated it will include the highways, the water—and perhaps even the air!

Escape Government Ownership!

By SENATOR ALBERT B. CUMMINS

Chairman, Senate Committee on Interstate Commerce

THERE are some of our railroad companies that never can be maintained until the process of consolidation which is outlined in the Transportation Act of 1920 shall go forward to consummation. The American railroad problem will never be finally solved unless one of two things happens:

First, unless all the railroads are consolidated into comparatively few systems, say fifteen or twenty, and competitive in their character. (I might add that there is no competition in the railroad world and ought to be none except the competition of good service, the competition which renders one railway property more attractive to a shipper than another, or one railway passenger train more attractive to a traveler than another.)

When that is done we can fix rates so that the lowest schedules that will sustain these properties as a whole may be established.

I predict that if we do not succeed in carrying out the principle of consolidation, which has already gone forward in a very satisfactory way, it will presently begin to appear to all the people of the country that there is just one other solution—that is government ownership and operation. If we do not consolidate the lines, government ownership and operation is the only recourse open to the American people. And I want it to be understood that I am unalterably opposed to government ownership and operation of our railroads.

There are now pending before Congress, and especially in the Senate, a great many bills which have for their purpose the modification of the Transportation Act of 1920 in vital respects. The farm organizations—and the farmers have my deepest sympathy because I know the hardships through which they are passing—demand the repeal of what is known as Section 15-A.

As a National System

THE section provides that the Interstate Commerce Commission shall consider transportation from a national standpoint; that we shall no longer attempt to regulate our common carriers by reference to the particular condition of any specific carrier. It tells the Interstate Commerce Commission to look at all the railways of the United States, and to see that they are maintained to serve the people; to do what it can to maintain not one of them but all of them.

This section says to the Interstate Commerce Commission: "Take all the railways, little and big, prosperous and otherwise, and ascertain as nearly as you can the value of all of this property."

We told the commission:

"Dismiss the bonds and stocks from your consideration. Find out what all this property is worth under the rules which have been established by the Supreme Court of the United States. Do it as nearly as you can for the present. Ultimately, do it conclusively, and when you have done so, fix your rates so that they will make a fair return upon this property as a whole, or, in such districts or territories as you may see fit to divide the United States."

Some of the best people of the country

Consolidation! Here's the Law

BUSINESS men of the country declared, through a referendum of the National Chamber of Commerce, for permissive consolidation of the roads into a limited number of strong competing lines.

The Transportation Act of 1920 says:

"A commission shall as soon as practicable prepare and adopt a plan for the consolidation of the railway properties of the continental United States into a limited number of systems. In the division of such railways into such systems under such plan, competition shall be preserved as fully as possible and wherever practicable the existing routes and channels of trade and commerce shall be maintained."

"Subject to the foregoing requirements, the several systems shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties."

have reached a state of mind where this section of the Transportation Act is a sort of bogey. They impute to it all the ills which can flow from the most vicious legislation. They want that section repealed and want the Interstate Commerce Commission committed to the administration of a law that will deal not with the transportation system of the United States as a whole, but with particular systems or particular companies engaged in transportation.

We are holding hearings on those bills now. We have taken many hundreds of pages of testimony upon this contention. But if I can prevent it, Section 15-A will not be repealed.

There is one other strong movement for the modification of the Transportation Act. It relates to the respective jurisdictions of the Interstate Commerce Commission and the several state public utility commissions. It is said that the change we made in 1920 in the law has so revolutionized matters that it has withdrawn from the various state commissions the power to regulate carriers within state lines and to regulate rates and practices concerning intrastate business and has concentrated all that authority in the Interstate Commerce Commission.

If we did that I believe the law ought to be amended. But I do not believe that we did it. Here is what we did:

Under the old law the Supreme Court decided that if a state regulatory body fixed the rate from a point in the state to another point in the state that discriminated against an interstate rate from a point outside the state to a point in the state, that the discrimination was unlawful.

The first case that arose was between Texas and Louisiana. Texas fixed a rate for

carrying commodities, we will say, from Fort Worth and Dallas to the interior of the state. This rate was upon commodities in which the people of Shreveport and New Orleans wanted also to deal, and they wanted to reach Texas so that they could compete with Fort Worth and Dallas in the distribution of any particular kind of merchandise.

It was alleged that the state rate fixed in Texas by the Texas authorities was so low with regard to the same commodities that the people of Shreveport and of New Orleans could not successfully compete with the merchants of Fort Worth and Dallas and other such points. The power of the Interstate Commerce Commission was invoked, and after a hearing the commission decided that the Texas rate was an unjust, unfair and unreasonable discrimination against the rate from outside of the state into the state, and it commanded the carriers engaged in that traffic not to obey the Texas command.

The case finally reached the Supreme Court of the United States, which affirmed the principle adopted by the Interstate Commerce Commission. This principle is just and necessary, if we are not to have the equivalent of custom houses set up around the boundary lines of all of our states.

Similar cases from Illinois and Minnesota found their way to the Supreme Court and again the same principle was announced. So it became embodied in the fundamental law.

In formulating the Transportation Act of 1920 we changed that law in these respects. First, we permitted the carriers to complain, as well as the shippers. We believed that under those circumstances the carriers had a right to appeal to the authorities of the Government, just as the shippers had the right to appeal.

Justifiable Interference

THE second change was to give to the Interstate Commerce Commission the authority to establish or declare a rate in the stead of the one it had condemned for unjust and unfair and unreasonable discrimination. But we held fast to the fundamental principle that the commission must find before it could interfere with any state rate that the state rate discriminated against interstate commerce.

I do not want the federal authorities to take possession of all the regulation which may be necessary concerning common carriers throughout the country. It should not be given power of regulation which is purely a state matter and which does not and cannot concern intimately or substantially interstate commerce. But I believe one of the purposes of our Government is to make commerce between the states a national subject, and that nothing—neither the act of the carriers nor the act of the state—can be permitted to interfere with the supreme authority of the National Government in seeing that interstate commerce flows without tax and without discrimination from one state to another.

We shall cease to be a nation if we do not stand firmly for the national conception of transportation and of commerce among our people.

Spreading Depressions Thinner

By T. C. POWELL

Vice-President, Erie Railroad

THE agricultural crisis has emphasized the possibilities of consolidating continuous rail carriers from ocean to ocean, and continuous carriers from the Canadian border to the Gulf. Any such plan must bear in mind the provision of the law requiring that competition shall be preserved as fully as possible, but it must also bear in mind the characteristics of our country and the future possibilities of its development.

There is no limit to the range of territory which may be covered by any one consolidation, the principal provision being that competition shall be preserved as fully as possible, and that the arrangement shall be such that the cost of transportation shall be the same as far as practicable.

The farmers of the West have been able to build up and desire to maintain markets for their products in the thickly populated manufacturing sections of the country, and while the manufacturing sections naturally desire to forward their product to the agricultural sections which supply them with food, yet we have, in most of our deliberations, considered the railroads either individually or as grouped into regions, so that in periods of depressed business each of the individual roads, and even the roads within the separate groups, are subjected to the severest strain. A local drought, a flood or a killing frost, injures the railroads in the agricultural states; congestion, coal strikes and labor troubles affect the railroads in the manufacturing sections. Neither one can substantially come to the relief of the other.

"Lloyds" was not originally conceived as a great insurance company, but had its origin in a voluntary association of ship owners who, through a mutual assumption of the burden of shipwrecks and other losses at sea, prevented the individual owner from going down to disaster. All insurance companies are now founded on the same theory of a wide distribution of losses. Why not apply this principle to the railroads? It has been impressed upon me that we must extend our vision and not stop short of a continental grouping of carriers into parallel lines, as nearly as may be, which will be so associated that roads which naturally connect from ocean to ocean will be so associated under the law as to prevent an undue strain being borne by any single part of a through line.

If it is possible to conceive of a grouping in the central freight and trunk line territory which will result in four or five par-

allel and competing systems, it seems only a step further to conceive of six or seven through transcontinental systems.

Of course, it will be said in opposition to this that a through line from the Pacific Ocean to the Atlantic Ocean is beyond the ability of any one management. Yet we have before us the Canadian Pacific Railroad, and while the problems in this country may be greater than the problems in Canada, an organization could be formed which would assume the burdens of the through traffic and would segregate the local problems, which would be handled by the local organizations more limited in authority.

Modern commerce has swept aside state and national lines. A few days ago the first consignment for this season of peaches from Africa arrived in New York. On February 3, 1922, it was reported in Vancouver, British Columbia, that a Canadian Government steamship was nearing the coast with the first consignment of fresh fruit from the Fiji Island planters. I have stood in Covent Garden, London, and within a radius of 25 feet have seen apples from England, Oregon, Washington, France and Spain. The Spanish onions compete in New York with the onions from California. California eggs are being marketed in New England and New Jersey, canned goods are marketed on the Pacific Coast.

These things merely indicate that the people of the United States have outgrown state and sectional questions when commerce and traffic are considered. Furthermore, the mind of the people is working nationally. Before the war the onion grower of California did not consider it possible to ship onions to the Atlantic Coast. Now he considers New York his natural market. The grower of alfalfa hay on the Pacific Coast is able to lay down his commodity on the Atlantic seaboard, via the Panama Canal, so that the farmers of New York State are able to feed their milk cows on a basis which enables them to send the condensed product to Europe.

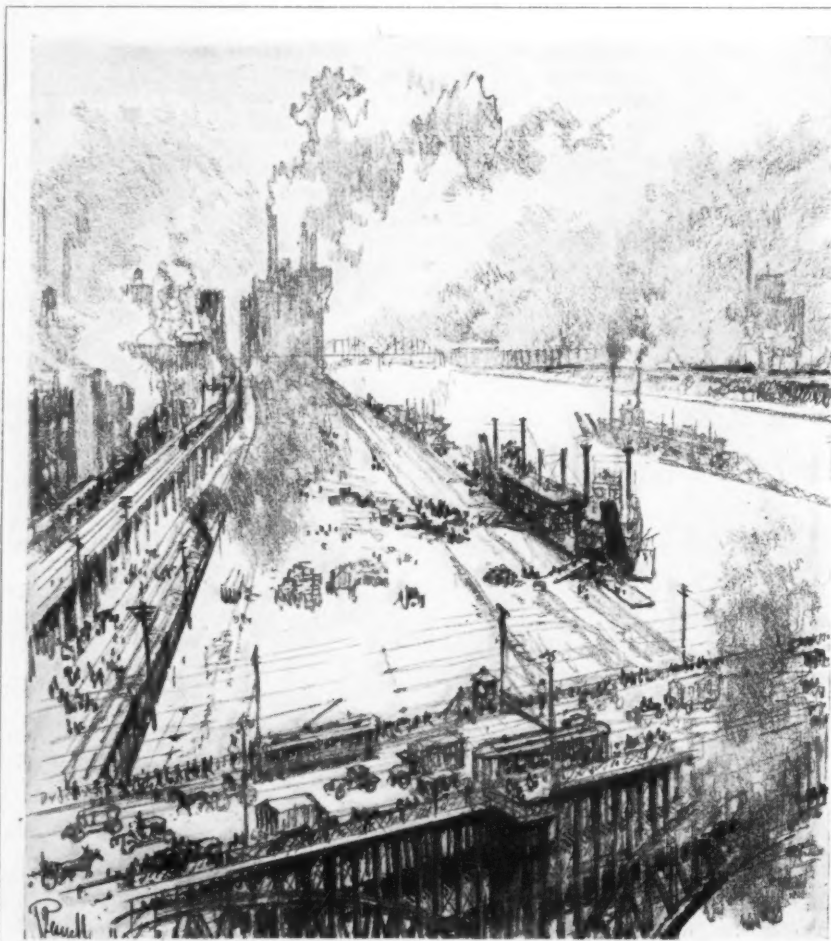
Few of the railroad systems of this country, or in fact in any foreign country, have been planned and constructed with the idea of extended consolidation. Even under the English plan it has been provided that branch roads, or lines which do not fit in with the general scheme of one system or section, may be traded off and amalgamated with another system. I believe that any plan of consolidation in this country must provide the same kind of exchange or release.

The strength of a railroad lies in the variety of its traffic. It has been well said that weak railroads are so designated because they are weak, but with the interdependence of one part of the country upon the other there seems to be no good reason

why a proper merging of connecting lines, so that there shall be a number of transcontinental through routes, should not strengthen the weak lines without weakening the strong lines.

In 1921 we exported nearly 280,000,000 bushels of wheat, which is 20,000,000 bushels more than the maximum exported during any year of the great war, and more than eleven times as much wheat as we exported in the fiscal year ended June 30, 1911, when we sent out of this country something less than 24,000,000 bushels. In 1921 we exported over 129,000,000 bushels of corn, as compared with less than 36,000,000 bushels in 1910 and as compared with less than 12,000,000 bushels in 1919, and my recollection is that we imported more corn in 1919 than we exported. Do not these figures show that our national interest far transcends our state or sectional interest? As I said before, the people of the United States are thinking nationally.

Man's ingenuity is constantly reducing the size of the earth in the interest of trade. With the Panama Canal still a new thing,



Rail and river carriers on the St. Louis waterfront, as seen by Joseph Pennell

earnest thought is being given to an international waterway through the St. Lawrence River. The New York State Barge Canal now forms part of an all-water route from Duluth to New York. No longer can the effect of these physical changes be localized. Before the development of Marconi's discovery ships were compelled to put into port to get sailing orders. Now they can be diverted by radio while on the high seas, and this, of itself, has the effect of contracting the earth and preventing isolation.

Commerce thrives on interchange of products and without such interchange one country or the other suffers. Cuba buys our corn

and sells us sugar and also actually sells us potatoes at the same time that her merchants are buying potatoes from the United States. Why not then conceive of our transportation system as being made up of a number of national systems? The Ohio River and the Mississippi River are no longer barriers. Bridges are built, or will be built, wherever the volume of traffic and the physical conditions justify.

The product of the West cannot be consumed in the West. The products of the East cannot be consumed in the East, and without a market for his cotton the southern

planter has not sufficient money to buy the luxuries and some of the necessities of life.

I do not claim that a plan of consolidation under which a number of continuous lines, between the Atlantic Ocean and the Pacific Ocean and between the Canadian border and the Gulf could be made into trans-continental systems, would, of itself, obviate our business troubles and prevent world-wide depressions. But I am sure in my own mind that a scheme of consolidation which will continue to localize rather than nationalize the existing railroad systems will fall of its own weight.

New Railroad Agency Opposed

Action taken by the Councillors of the Chamber of Commerce of the United States

RAILROAD transportation and the metric system engaged the attention of the National Councillors of the Chamber of Commerce of the United States at their second annual session held in Washington recently. Councillors, presidents and secretaries of organizations in thirty-four states were present.

The principal suggestion relating to railroad transportation put before the councillors involved the formation of a new governmental agency, a Commissioner General of Transportation. The Board of Directors asked the advice of the councillors on the proposal. In speaking on this subject Secretary of Commerce Hoover said:

I assume there has been some desire expressed that there should be some agency in the Government that would act as a neutral in the presentation of the interests of the public as a whole in disputes between shippers and the railways. There is a great field for a further expansion of governmental activity in this direction, more especially as the day is coming when we must consider the coordination of our railway transportation with that of the public roads and the great waterways, and in addition to that, our overseas transportation.

W. H. Chandler, traffic expert of the Boston Chamber of Commerce, one of the most vigorous opponents of the proposal, said that his chamber had "gone on record unequivocally" against it. "We object," he said, "to an official meddler, and that is all this is. You can call him a Commissioner General if you want to, or any other name, but it means that you are meddling in the affairs between shippers and the Interstate Commerce Commission and the railroads. We can try our cases before the commission and we do not need anybody to advise us or the commission what to do."

George A. Post, chairman of the Railroad Committee which made the suggestion, said that the officers of the National Chamber had "conceived the idea that, however industrious and faithful and wise is the Railroad Committee, you people [the councillors] may be wiser and therefore very properly they have thrown the committee and its report into the lap of you gods to do with it what you like." Speakers from the floor expressed a strong dislike for such an agency as was suggested. But Alexander W. Smith, a member of the committee, told them that their opposition was in part due to misapprehension.

You talk about attacks on the Interstate Commerce Commission [he said]. There is no

attack on the Interstate Commerce Commission by the report of this committee. We are trying to help the Interstate Commerce Commission.

You say you do not want another regulatory organization. There is no proposition to have another regulatory organization, but simply a proposition that you shall provide for the representation of the public interest—employ a lawyer and put him into the case.

R. S. French, representing the National League of Commission Merchants, said he had conferred with his directors and at their request was present "to protest against this report." He objected to it because he saw in it a tendency "to plunge the railroads of this country into politics." And J. D. A. Morrow, secretary of the National Coal Association, said that his organization also was opposed to the suggestion. "One of the chief difficulties with the railways is too much red tape," he observed, "and with another layer or two of red tape added they will be as dead as mummies."

W. R. Coyle, president of the American Wholesale Coal Association; Emil P. Albrecht, president of the Philadelphia Bourse, and Col. F. A. Moliter, of the American Institute of Consulting Engineers, were among other vigorous objectors to the creation of the new agency. Howard Elliott, president of the Northern Pacific Railroad Company, raised among other points this argument:

Other bodies besides the Chamber of Commerce of the United States are debating this very thing. I am a member, myself, of a committee of one of the great national organizations, the Railway Executives' Association. We are at work on the Transportation Act to see what, if any, suggestions we can make that at some future time might be well worth considering. The Investment Bankers' Association is doing it. The Farm Bureau organization is doing it. The National Grange is doing it.

We have been in conference with the Farm Bureau and with the National Grange and also with the National Association of Manufacturers. They are all thinking about what is the wise thing to do, and it will be a mistake to be in a hurry and to pledge yourselves to something before you know exactly what it is.

Alba B. Johnson, president of the Railway Business Association, who spoke at length against the suggestions, said that his organization had adopted a resolution against it. His reasons appear on another page.

William C. Redfield, former Secretary of Commerce, pointed out that the law already

empowered this official to do the things intended to be done by the proposed Commissioner General, but Mr. Hoover observed that there was no appropriation even for a stenographer.

W. P. Blair, of the National Paving Brick Manufacturers' Association, whose home is in Cleveland, offered a motion that the suggestion be not approved by the councillors, in order that they might put themselves on record by a vote; Mr. Chandler wanted to offer another motion that the committee's report be tabled, but these proposals were merely sent to the Committee on Resolutions, which expressed the sense of the meeting in regard to the question in these words:

No committee of the Chamber has a more distinguished record for service and accomplishment than the Railroad Committee. From the Board of Directors the National Council has at this meeting received a report in which the Railroad Committee presented its views respecting subjects of great importance. After opportunity to understand the committee's views and as a consequence of further considerations brought out in debate the National Council suggests that the board should ask the Railroad Committee to continue its vigorous examination of the national problems in railroad transportation, and especially the manner in which the Transportation Act of 1920 meets the high purposes for which it was framed, and believes that the committee's suggestion for a new governmental agency in the transportation field is not timely for submission to a referendum vote.

Although the suggestion for a Commissioner General of Transportation was in the forefront of discussion at the two-day meeting, the entire transportation situation was reviewed. Some of those who spoke from the floor devoted much of their attention to the need for lower freight rates, and Secretary of Commerce Hoover, in his article elsewhere in this issue, expresses sympathy toward this attitude.

In regard to the metric system the councillors advised that no referendum vote be taken on the subject until a more opportune time.

In regard to the meeting as a whole and its results they prepared the following statement:

The National Council desires to express to the Board of Directors its appreciation of the opportunity the board has afforded through this meeting for the council to consider the subjects on which its advice has been asked and to make available the views of a large number of its members whose experience and study have prepared them to make valuable contributions in the discussions.

Another Government Regulator?

By ALBA B. JOHNSON

THE Railway Business Association, of which I am president and national counsellor, opposes the creation of a Commissioner General of Transportation for the purposes set forth in the report of the Railroad Committee of the Chamber of Commerce of the United States.

An officer designated as the President's representative to discuss railway problems with committees of Congress and federal agencies, including the Interstate Commerce Commission, would be a wholly new feature in our Government, for which we see no occasion and in which we fear the possibility of pressure tending to impair the independence of those charged with railway regulation or legislation.

Creation of a Commissioner General of Transportation would be a departure in our form of government.

Congress or its divisions from time to time receive communications from the President in his official capacity. Hitherto such advice has come either directly from the President or through executive officials exercising power over the subject and owing responsibility therefor directly or indirectly to the President. Members of Congress, on the other hand, are sometimes informed of the President's views through channels other than these. When that course is pursued it is in his capacity not as President but as party leader or as a citizen. In that case, the emissary, whatever may happen to be his official status, if any, is acting for the moment unofficially and without government responsibility.

The Proposal

IT HAS been proposed by the Railroad Committee that an individual shall express the President's views to committees of Congress on a subject in relation to which the emissary has no official power or responsibility. Yet he is not an employee of the President's party or of the President personally but an employee of the Government. He has authority to require information from all departments. He has the explicit duty of reporting recommendations to the President.

Similar but not quite the same comment as that which applies to Congress may be made with reference to federal administrative boards. Our pertinent illustration is the Interstate Commerce Commission. The commission has statutory power and duty. It is responsible for the results of its course. Its administration of the law is theoretically based upon its independent judgment. In adjudicating the rights of those who complain of discriminations it is in effect a court. Whether exercising business judgment as to wise rate levels or judicial authority in the correction of discriminations, the commission has enjoyed until recently a large degree of immunity from executive suggestion.

In the past when a President transmitted views upon rate cases his messenger took great pains to emphasize by secrecy the unofficial character of the message. Knowledge of it reached the public only by whispered rumor. During federal control the Director General made the rates but this was under a war emergency measure which subjected

the commission not to subordination but to suspension.

Relinquishment of the roads to their owners restored the previous legal status. Unfortunately the previous practice was not fully restored. Executive suggestion, both presidential and cabinet, has been frequent and open. Recently it was made formal, the Secretary of Commerce making oral recommendations to the commission respecting its rate policy.

It is this tendency which is sought to be made official, formal and permanent through the creation of a Commissioner General of Transportation. As applied to the commission it is a departure in our process of government.

If it is wise to have a Commissioner General of Transportation it is wise to have Commissioners General of Communication, Agriculture, Forestry, Mining, Banking, Manufactures, Commerce, Labor and Education. The principle, once established, cannot be limited.

Objections to the project on its merits can be briefly stated.

So long as we keep our legislative and executive separate, Congress has an independence for us to maintain. Executive pressure tends to break down that independence.

Administrative boards like the Interstate Commerce Commission by the terms of their establishment are still further protected. Such boards are quasi-judicial and quasi-expert. They adjudicate right and wrong and they also exercise business discretion. Either function involves judgment. The commissioners concentrate upon their subject. They deal with it continuously. Their terms are six years as compared with four for the President and reappointment is customary. They have a cumulative experience. They have a broad basis of comparison and familiarity with precedents. They carry a responsibility for the aggregate results of their work. Their judgments are those of an authority. Not even the Supreme Court reviews those judgments except as to the single aspect of jurisdiction. Either the statute bestows a given power or it does not. If it does, the board has the last word.

Orderly procedure is of the essence. Independence is vital. Clamor is the petulance of those seeking privileges. Pressure is scandalous. To Congress the President or his subordinates may suggest policies, but contrary to the common habit of thought the Interstate Commerce Commission is an arm not of Congress but of the Government as a whole, created by joint action of Congress and the President, and its limits defined by the Supreme Court.

If the proposed commissioner did not exert influence he would be useless. If he did, he would be mischievous. The basic idea is meddlesomeness. If the executive department has jurisdiction it can carry out its views without appeal to any other branch of the Government. If the executive department lacks a jurisdiction which it ought to have the remedy is to confer the jurisdiction with power, not to set up advisory functions. If a branch of the Government other than the executive has jurisdiction, and this is a mistake, the jurisdiction should be placed

elsewhere or the function abolished. If it is where it belongs the tribunal carrying the responsibility should be respected and kept free from executive encroachment.

Coordination is a ghastly nightmare. As we learned in the war, attempts at it brought us to the brink of disaster. The only workable course when two authorities conflict is to place one above the other with power not to advise but to decide. The most conspicuous field of conflict, actual or apprehended, is between the Interstate Commerce Commission and the Labor Board. We doubt that public opinion is sufficiently crystallized to formulate a remedy, but whatever the remedy the coordination should unify power and not amplify advice.

The prominence given to this project may convey to the country the impression that the Chamber acquiesces in exertion of political pressure in rate making.

It is futile and feeble for us to hide from ourselves the seriousness of the juncture at which we stand. If we fail in the present experiment with regulation, the outcome will be government ownership. I do not know of any competent observer who doubts it. If we cannot regulate railroads we cannot regulate banking or business or agriculture or labor. If the Government cannot regulate, it must own and operate all these activities. When that time comes the map makers may continue to label a certain North American area the United States, but it will not be the kind of United States you and I think worth living in or preserving. The background of this railway problem is our whole political and economic life. The railroads are the first trench. We must hold it.

Whether we hold that trench or not will depend upon our railway policy and its administration. Adequacy of income as a statutory aim of regulation is fighting for its existence against the forces of repeal. The Chamber stands solidly against such repeal.

Adequacy of income in its practical application by the Interstate Commerce Commission is fighting for its life against the forces of special interest and irresponsible pressure. Upon this aspect the Chamber has not spoken. There is need for it to speak.

Avoiding Unnecessary Controversies

IN THE DEVELOPMENT of procedure the commission has encouraged shippers and carriers to agree among themselves so far as possible and carry upon appeal only those cases or parts of cases on which controversy remains. Thus in practice the same persons who participate in proceedings before the commission participate in preliminary efforts to avoid proceedings. They conduct these preliminary negotiations in much the same way, with a view to having applied to the record for use on appeal the same standards as to propriety in statement and argument as govern formal proceedings.

Thus it has come about that the whole process of revision from informal negotiation through to formal mandatory orders is our substitute for the welter of rate wars, of blindness to income considerations, of rebates and of scandalous use of political and commercial force in rate making.

So long as the law stands delegating re-

sponsibility and authority to the commission the method by which to discuss matters within the scope thus committed is either to confer with the carriers on the merits without attempt at pressure or before the commission in the same atmosphere. Any other tendency drives us away from ascertaining what is right and expedient in the general interest and carries us toward concessions to the loudest.

The situation presents no requirement more imperative than to assure for the present and the future the independence of the commission.

Organized business should provide and maintain means of its own for presenting business opinion upon railroad questions to those charged with regulation or legislation.

In that direction the Chamber has done

much. It could do much more. It would be a great piece of good fortune if the discussion of the Railroad Committee report should lead to the development of a more comprehensive plan. Such a result of this debate would be logical, since we all know that the object in the minds of the Railroad Committee was and is an improvement in the means for attaining and preserving the vigor of our transportation system.

Give Management a Chance

By HOWARD ELLIOTT

Chairman of the Board, Northern Pacific Railroad

IF THERE is any one thing on earth that the railroads of this country need today, it is a cessation of the interminable and never-ending investigations, first by one body and then by another. Instead of being called upon to appear constantly before various bodies, sometimes about matters which have been investigated before, the managers of these great industrial properties should be given an opportunity to devote their entire time to serving the public and building up their business.

Just now there is a good deal of excitement in the country. Business is depressed. The farmer is in distress and he turns first to one person and then to another for help. He sees the railroads. He says: "Why, there is the fellow.

Let us reduce all the rates. That will fix things. Prosperity will return if rates can be brought down." That would be fine if it could be done without putting all the roads into bankruptcy.

The railroads have already reduced the rates on agricultural products voluntarily by an amount equivalent to 10 per cent, which probably takes fifty or sixty million dollars a year away from their revenues. In addition to that there have been countless reductions made voluntarily all over the country. When I appeared recently before the Interstate Commerce Commission I happened to have a bundle of papers in my hand showing more than one hundred pages of reductions in rates made by one railroad in a little more than a year. And every railroad has been doing the same thing.

And these reductions were made despite the fact that the railroads are not earning a fair return. Let me give you the figures for the last few years: 1911, 5 per cent; 1912, 4.8; 1913, 5.15; 1914, 4.17; 1915, 4.20; the year ended December 31, 1916, the last year before the Government put its very heavy hand on us with the Adamson law, 6.16. And in that year the country generally was

prosperous. In 1917, 5.26; 1918, 3.51; 1919, 2.46; 1920, .11—one-tenth of 1 per cent. In 1921 the net railway operative income will be, as near as we can figure it today, about six hundred millions of dollars. I doubt if the real net income of this great transportation machine, if we had spent all that it is to your interest that we should have spent, would have been over three hundred millions of dollars, or less than 2 per cent.

So we have had during the last twelve years no opportunity for large and great earnings and great accumulations.

The great manufacturing enterprises, great jobbing enterprises, distributing business, and the farmers themselves had a chance during the war, if they availed themselves of it, of making large profits; and large additions to their plants. Many of them did avail themselves of that opportunity. The railroads had no such chance. They barely kept alive.

Railroad labor must share in the deflation that is now in process. What is generally described as labor has already been hurt by unemployment and by some reductions in wages. That does not, however, yet affect the great transportation industry to the ex-



Photograph by Lewis W. Hine

tent it should if what you want and what I want and what nearly every economist wants, a lower transportation charge, is to be obtained. It would seem to me that labor, through some of its great leaders, ought to recognize that the deflation process is going on, admit that it is here and allow a lower unit of wage in many directions, not only on the railroads but in the mines and in the building trades, all of which would mean the employment of more men and lower unit prices on many articles that are used by all of us.

Since the Adamson law was passed in 1916, the change in pay roll has been this: In 1916, before the full effect of the Adamson law was felt, the total railroad pay rolls for the country was \$1,468,000,-

000. Last year it was running at the rate of \$3,698,000,000.

The last figures, arrived at by corrections and readjustments with the Government and so on, show for the year 1920 that out of the operations of the railroads the owners had \$21,000,000 and the pay roll was \$3,698,000,000, or more than 176 times more than the owners got. The increase in labor alone from 1916 to 1920 was \$2,230,000,000 and the pay roll in 1920 nearly equaled the entire operating expenses of all Class 1 railroads in 1916, which were \$2,357,000,000.

I contend that a reasonable policy of labor deflation would be extremely helpful because the wage bills of the railroads are so large a part of their total expenses, and the railroads are such heavy buyers of materials, the cost of which is made up so largely of labor.

On the rate question itself, some of the rates may be higher than they ought to be and the total payment for transportation is very large, but the amount of transportation is very large. The production of that transportation is extremely costly and there is no adequate return on the plant, as I have shown. You should also remember that prior

to the war the general level of rates was not sufficiently high to protect this national industry and there was danger to everybody, which danger exists today, that the supply of transportation would not be adequate for the needs of the country.

The rates are higher than they were before the war, but they are still too low as a whole to keep the railroads adequate, and we are operating today with an indefensible basis of rates if the country desires to continue private operation and ownership of railroads. And you ought also to remember that this country has not because of the changed conditions here increased its transportation charges nearly as much as other countries where they had to meet changed conditions.

For more than twelve years I have worked in common with other railway executives in an effort to get some better relations between the regulating authorities of the federal and state governments, and the management of these great transportation agencies; a very large amount of very earnest work has been done in those twelve years by men who are experienced in the management of railroads and who also feel to a very high degree their responsibilities as citizens in trying to get a fair basis of transportation for this country. They have tried to look ahead, tried to show the country, the regulatory bodies, civic bodies, to show everyone else, that if the

wonderful progress of the United States is to keep on, as I believe it will, there must be an adequate transportation machine. As an abstract problem, everybody agrees to that. It is absolutely necessary.

As the result of continued discussion of the railroad question by the railway executives, and many other business organizations, there was developed and passed in the last two years what is known as the transportation act of 1920. It is not perfect. There are some features about it that I do not like, but every argument that could be presented was put up to the House and Senate committees day after day. They weighed them. They passed a bill and it is now the law. It has operated only about 23 months. It has operated at a time when industry was very much depressed, when the railroad business was perhaps 50 to 60 per cent of normal. We do not know yet how successful it is going to be. We set up that guide post, after this prolonged debate of three, four, five, six years, a debate all over the country. The guide post has been put up. We are trying to go by it.

Now is it wise, is it to the best interests of business men who use the railroads, is it to the best interests of those who are charged with managing the railroads, is it to the best interests of those who own the securities of the railroads—and those securities are the foundations of our savings banks

deposits, of our fire and life insurance deposits, of hundreds of our colleges and eleemosynary institutions—is it a good plan in a hurry to say we don't like that guide post and we want to change it?

The Congress is very busy. They have got to take up the conference treaties. They have got the tax question. They have got the soldiers' bonus. They have got the question of helping agriculture. They have got the appropriations. They have got countless things to do. You reopen and start in again on a new discussion of whether the Transportation Act is right or wrong, and you open a Pandora's box, and you do not know what you will get out of it.

Bear in mind that the railroads are common carriers of people and property. They are not common carriers of all the economic troubles of this country.

These cannot be cured by reducing rates, by ruining the railroads and perhaps forcing government ownership to which this country is opposed. Give transportation courage and management a chance once more.

Declare a ten-year holiday in the peaceless investigations of the transportation question and let the undivided attention and energy of owners, managers and employers be devoted to maintaining, operating and perfecting this engine of civilization—the wonderful railroad system of the United States.

Not Less, but Wiser, Regulation

By ALEXANDER SMITH

Member Railroad Committee, National Chamber of Commerce; Special Counsel, Railroad Administration

THE very existence of the United States is involved in the right solution of our railroad problem. I believe that because I believe that transportation is the most important single interest in human society as it is now organized and as we know it.

Rome was mistress of the world solely because all roads led to Rome. Britain has been mistress of the commerce on the seas for more than three hundred years only because, having defeated the Spanish Armada, she has controlled during that period the instrumentalities of transportation on the high seas.

The application of steam to transportation marked the greatest single step forward in human civilization that had occurred in forty centuries. It was the development of the railroad system of the United States, and that alone, that made it possible to extend the confines of our great republic from ocean to ocean. The greatest single economic value of railroad transportation to human society is the fact that it removes the artificial advantages of geographic location and enables a country that spreads over a continent to develop consistently all the territory within its jurisdiction.

But for the application of steam, but for the development of the greatest railroad system of the known world, the population of the United States today would be along our ocean frontiers and our inland waterways.

Steam was only a step, even if the longest. The development of electricity, with its effect upon the transportation of thought and the quickening of intra-city transportation, was followed within recent history by an improvement on mechanical power, which marks as great a step forward from the accomplishments of steam and electricity as they, in turn, mark forward from the horse and the sail. It is impossible to conceive the development that will follow from the application of

the explosive engine. No man can imagine how civilization could go on if the motor car and the motor truck should be blotted out.

The airplane is now the toy of the rich or the plaything of the adventurous. If I were a prophet I would say that within practically the same length of time it has taken to make the use of the automobile and the motor truck universal you will see your lanes of travel and your transportation of persons and property through the air developed beyond any of our dreams.

But the automobile and the airplane have barely felt the hand of government. The railroads are so much a part of our national life that, occupying a physical monopoly, they long ago have had governmental regulation and control. The greatest mistake the railroads have ever made in all their history was their resistance to the inevitable control that government must exercise over an instrumentality that affected its very existence and the prosperity of its citizens.

That regulation has expanded and developed from year to year. The outstanding feature of it, the greatest defect in it, is that there have been presented to regulatory bodies selfish interests on the one side combating selfish interests on the other side, and the general good of the community at whole has had no counsel in court.

When I board a passenger train the railroad on the one hand and I on the other are not alone interested in that journey and its consequences and its results. No man ever takes a journey that he does not leave behind him a circle that is interested and find at the other end a circle that is equally interested. There may be serious and vital effects at both ends in case that transportation service is not adequate, efficient and prompt. What is true of me when I travel is even truer of the commodities which I ship.

Now if a question arises as to the performance of either one of those functions, hitherto in all investigations of all the regulatory bodies only the selfish interests of the man that travels or ships, on the one side, and the carrier on the other side, have been these rate transportation agencies; a very

That process of a continual and everlasting contest before the regulatory bodies has been the greatest enemy that the carriers themselves could possibly have had to confront.

Only the other day Secretary Hoover described the condition that I am now attempting to present to you as a "witch's cauldron" that ought to give place to intelligent disinterested discussion of these questions having in view not only the necessary interest of the contending parties but the wider, greater, deeper and more important interests of all the people of the United States.

In addition there is absolutely no coordination, no cooperation between the innumerable agencies that have been created which have greater or less effect upon transportation in all of its ramifications. There are forty-two agencies under the Federal Government that have to do to a greater or less extent with interstate transportation as it affects interstate commerce. In addition there is not a state in the Union that has not at least one.

So while forty-two federal instrumentalities and forty-eight state regulatory bodies with no cooperation concentrate, each its will, upon some petty contest, the great problem that stands behind it all and that underlies the future prosperity of this great republic goes by default, and judgment is rendered without its ever being heard at the bar of justice.

The railroads need an adjustment of rates and costs, but how can that be brought about

with an independent body sitting in Washington determining the entire revenue of the railroads, and another independent body sitting in Chicago fixing about two-thirds of their operating costs?

Then comes the question of the necessity for the unification of terminals and rolling stock. Nobody can take any steps in that connection because there seems to be no driver at the wheel of the machine. We have a beautiful machine, but there is no gasoline in the tank and no driver at the wheel. It is standing at the curbstone and we are getting nowhere.

In other words, stated briefly, the great problem that confronts this country and, in my opinion, affects its very existence in the future, is the problem of public control co-existent with private initiative and enterprise, and we shall have government ownership

of transportation facilities unless that problem is solved.

Now who is trying to solve it? If it affects the vital interest of the Government is it not entitled to receive the thought of the best minds in this country? Who is charged with the duty of considering it? Might it not well engage the attention of the President of the United States? Certainly, but he is busy with other things.

I sometimes tremble when I think of the possibility of our present machine of government ceasing to function if we continue to make more, bureaus and more bureaus, with no centralized head.

If the President of the United States today was able to discharge all the duties that rest upon him as the administrator and the chief executive of the laws of the United States he ought to be able to manifold him-

self a hundred times. That is not possible.

Why not then let the President manifold himself as to this enormously important question of transportation by putting upon him the responsibility of selecting somebody who can speak for him and act for him in the discharge of the duty of studying this question, of ascertaining what ought to be done, of coordinating and bringing to a common purpose all of the enormous activities that are taking place now without relation to one another.

Brought down to everyday common-sense we, the public, when we have a case in court, where our interest is affected, ought to be represented by adequate counsel, trained and instructed as to what our interests call for, as to what ought to be done to protect them, and that it shall be his duty to attend that court and represent those interests.

America and the Metric System

WHETHER the meter should now be substituted for the yard, the gram for the ounce, and the other parts of the metric system for the measures we have been using is a question that affects everybody, but especially the business men. It isn't wholly a question about theoretical advantages and disadvantages, but is partly a problem of a practical sort for a people who live in a world of yards, ounces, and gallons, even though they do business with other folk who follow the metric system.

As this question has been raised by a number of members, the Board of Directors of the United States Chamber of Commerce provided for a special committee representative of different points of view and asked this committee to present a report with its conclusions.

This committee did not reach a conclusion upon the merits, but stated the arguments which should fairly be taken into account both for and against the metric system, and formulated the question as it should be considered in the United States.

The question here, in the committee's opinion, is:

Should there be legislation that, after an optional period of ten years for education and preparation, would provide for the abandonment of our present system of weights and measures and for the adoption of the metric system as the sole standard of weights and measures in the United States, except where exemption from such use may be granted by designated authority?

The meeting of the National Council afforded an opportunity for the Board of Directors to obtain the councillors' opinion whether or not it is now timely to submit to a referendum vote the question about the metric system which the committee had formulated. The conclusion of the Council was that existing business conditions are not favorable to a sympathetic consideration of the metric system and that accordingly there should not be a referendum vote until a more opportune time arrives.

The fact that the metric system has become an international standard is stressed by those who favor its further adoption by the United States. Here is a summary of arguments on the affirmative side of the question:

The metric system of weights and measures is now firmly established as an international system, either through its legal adoption or its exclusive or permissive use for standards, by the principal nations of the world. Its more general use in the United States is therefore advocated to promote greater interna-

IN any nation, and especially in a country with large industrial and commercial development, the standards of weight and measure have an importance which has long been recognized in the United States. After considering the report of the Chamber's committee, and at the conclusion of discussion, the National Council suggests to the Board of Directors that, as the existing business conditions are not such as to secure a sympathetic consideration of the subject, the report should not be immediately submitted for a referendum vote but should have consideration from the board at a more opportune time.

Resolution of the National Council of the United States Chamber of Commerce.

tional uniformity and the hope, if that be accomplished, that other English-speaking peoples would follow the lead of this country.

The system has been proved to be satisfactory in the United States and elsewhere in its use in complicated scientific calculations; and, in the metric countries, adaptable to the everyday trade, and to industrial and educational requirements of the people.

While the basis for the units of the metric system is, of course, arbitrary, it has now been definitely established, and the various decimal gradations give a wide choice for convenient designated measurements of length, weight and capacity, adaptable to common and scientific use. Familiarity with such terms as the pound and inch is largely a matter of habit, and it is believed that habit would also make the use even of the decimal subdivisions of the metric system, such as the millimeter, equally familiar and convenient.

The basic simplicity of the system, with its few units, as the meter, liter, gram, with decimal subdivisions, makes both teaching and learning easy; and, in trade, making computation and billing simple. During the period of transition, when there would for a time be more active dual relations than at present, conversion would be almost automatic through the use of tables of equivalents.

An arbitrary imposition of any system of weights and measures, without a reasonable period of transition; or the principle of exemp-

tion, where desirable for manufacture or for export to non-metric countries, might be a hardship. A gradual change has been effected in most metric countries, and it is believed that such change was accomplished without hardship and without such heavy expense as claimed by those opposed to its adoption. It is also believed that greater conformity to the habits of metric countries would tend to increase our export trade. The question of countervailing imports of manufactured goods and raw material is an economic subject quite apart from the question at issue.

The relative international popularity of the two major systems in use is shown by the number of nations which in recent years have adopted the metric system, while none has formally adopted the British-American system, although in population the two groups are about equal.

As further domestic simplicity and international uniformity are believed to be desirable for local convenience and in our foreign trade, and as the further adoption by other countries of the British-American system seems unlikely, it would therefore seem to be an appropriate time to make the change. The education of hundreds of thousands of the present generation in the metric system through their overseas experience, and many more in local factory practice growing out of the late war, has laid a broad educational foundation and tended to develop interest in the subject. The change presumably would be effected later, in an economic period when it is hoped post-war conditions would not be a consideration.

Finally, it is believed that it is the duty of the United States to take a broad view of its place in world relations and to adopt a system of weights and measures that has already so general an international use.

The expense and physical difficulties of so important a change are emphasized by those opposed to giving up our present standards. They point out that:

The bases of both systems are arbitrary; the relationship between the meter and the liter is precise only in the case of water at temperature of 4°C. and is of no practical importance.

The metric units are believed to be less convenient than the British-American for practical use, the meter less suitable than the foot for use in construction, and the millimeter less suitable than the decimally divided inch in fine work. The kilogram in retail trade has been found to be too large, and the half-kilogram (designated as a "livre," or pound) is commonly substituted. The liter closely approximates to the quart, but there is no metric equivalent for the gallon or the bushel.

Decimal notation may be used with any system, and already is largely used with our present measures of length. Decimal division is available under both systems, and under

the British-American System, binary, octaval and duodecimal divisions are also available. It is not easy to grasp and visualize the meaning of a new unit and its subdivisions.

The educational effect of the adoption of the metric system would be to compel the teaching not only of the "tables" of both systems, but also the use of "tables" of equivalents for conversion from British to Metric, and from Metric to British, including compound equivalents, such as pounds per square inch to kilograms per square centimeter. In effect, we would have a dual system.

Scientists are free now to use either system, but manufacturers have no such freedom of choice, because their entire present equipment, except in a few instances, is based on the British-American System. It is contended the change to the metric system would involve vast expense and trouble in the alteration or replacement of drawings, gauges, machines and special tools, and also the extensive duplication of all of these because much of the old equipment would have to be maintained to meet the demand for repairs and replacements.

The favorable effect of the change on our foreign trade with metric countries it is believed would be offset by a corresponding unfavorable effect on our trade with non-metric countries, and the volumes of the two are practically equal. If its effect would be favorable with the former, it follows logically that it would also open our domestic markets, in proportionate degree, to manufacturers of metric countries.

The effect on our domestic commerce of the existence of a dual system during the period of transition it is believed would be to produce long-continued confusion and to create many opportunities for errors and fraud. It is believed that this period would endure for at least a generation, and much longer as to all transactions relating to existing structures, machinery and equipment. Instead of promoting uniformity and simplicity, the change would create diversities and complexities.

The change would necessitate a very large

expenditure for new measures of length, weight and capacity by manufacturers and dealers, most of whom would also need to retain for a long time their old appliances of these kinds. Manufacturers contend that, in addition, they would be confronted with a vast expenditure for new machinery, tools, gauges, etc., and, for a generation at least, would also need to retain much of their present equipment of these kinds, to meet the demand for repairs and replacements. The total financial burden thus implied it is claimed would be enormous, while the offset against it would be a doubtful benefit, to be fully realized only in the future.

The change, even if possibly expedient at some time in the future, should not be attempted at present, because of the added burden it would impose on our mechanical industries which are suffering acutely from the depression resulting from the World War, and which need to conserve all of their efficiency to maintain their position in domestic and foreign trade.

The law of 1866 legalizes the use of the metric system by anyone who prefers it, and for any purpose. Its insignificant use, after fifty-four years, suggests that the people do not desire it. It should not be imposed on them arbitrarily. Exporters, who find it expedient to express sizes or weights in metric terms, have long done this.

The committee which studied the matter included the following:

EDMUND D. FISHER, *Chairman*: banker, New York; vice-president, New York Hamilton Corporation.

BEN. C. DAILEY: exporter, San Francisco; secretary-treasurer, Foreign Distributing Company, San Francisco.

FRED R. DRAKE: merchant, Easton, Pennsylvania; president, Drake and Company, Easton.

HOMER L. FERGUSON: shipbuilder, Newport News; president, Newport News Shipbuilding and Dry Dock Company.

E. M. HERR: electrical engineer, East Pitts-

burgh, Pennsylvania; president, Westinghouse Electric and Manufacturing Company.

WILLIAM E. PECK: exporter, New York; president, William E. Peck Company.

WILMER W. SALMON: manufacturer, Rochester, New York; president, General Railway Signal Company.

FRANK H. TAYLOR: manufacturer, Philadelphia; president, S. S. White Dental Manufacturing Company.

HENRY R. TOWNE: engineer and manufacturer, New York; chairman of board, Yale and Towne Manufacturing Company.

In presenting the recommendation of the committee Mr. Dailey said that in his opinion, and in that of many investigators, the population of countries now officially committed to gradual adoption of metric units outnumber those using British units at least 3 to 1. He pointed out that with the exception of Britain and the United States, virtually all civilized countries have united on the metric standards—those countries which have officially declared their intention to advance to the metric units include Russia, Japan, and China. In regard to the demand for metric standards throughout the United States, he called attention to 103,000 petitions now filed at Washington, D. C., urging Congress to enact metric legislation, and that among these are memorials from the state legislatures of Illinois, California, North Dakota and Tennessee, passed in 1921. He drew attention to the Britten-Ladd Bill establishing metric standardization after a period of ten years, upon which hearings are now being held.

Mr. Herr, Mr. Ferguson and Mr. Taylor signed the report on condition that a note be incorporated in the report to the effect that in their judgment enough stress was not laid on the serious results of an enforced change in our standards of weights and measures, either now or at any subsequent time.

Bringing the Sea to Main Street

By CHARLES LYON CHANDLER

Manager, Foreign Commercial Department, Corn Exchange National Bank, Philadelphia

ONE AUTUMN afternoon in Somewhere, Tennessee, two strangers might have been seen descending from the local passenger train which was nowhere on the line of communication with the outside world. They walked down the village street to a small hosiery mill, where they spent some



time with the manager, and today his product is fully as widely known in Argentina as it is in Tennessee. The profits derived from the export sales of this hosiery go directly back to this small interior southern city. In other words, every operative in this hosiery factory knows that the size of his pay envelope has a distinct relation to the volume of foreign trade of the company as a whole.

The writer was once in a small town in Patagonia of which probably few of our fellow-citizens have ever heard. He asked a local resident some question about the United States and was at once informed that Freeport, Ill., was the greatest city in that sister republic. The reason for this distinction was not hard to ascertain, for on the banks of the river Chubut stood the southernmost windmill in the world, with the name of its manufacturer proudly blazoned thereon. It is possible that two or three of the older and wiser residents in this Patagonian city had heard of New York, and it is barely conceivable that some knowledge of Philadelphia or Boston or Chicago might have penetrated their minds, but Freeport, Ill., with its windmill, was something ever-present to them, for it helped them to catch the winds that came from the Andes and to make the farms improve.

The writer has often been asked in Brazil if Clarksville, Tenn., was not the second



The Shackleton of Windmills

city in the United States. Did not Senhor Patch's grinding mill for grinding all kinds of corn and other fruits of the soil come from Clarksville, and did not every hardware store in the state of Minas Geraes have such a little mill? Surely it must be a wonderful city that had such things.

Let's turn to another part of the world. Our commerce with the Seychelles Islands cannot be described as over-extensive. In fact there was a year recently when the two articles shipped thither consisted of a merry-go-round from North Tonawanda and a plow from Chattanooga. Now this is certainly bringing export business back away from the seaboard into the interior of these United States. These instances show clearly that our foreign trade is by no means confined to our larger seaport cities.

Not long ago I happened to be passing through the negro quarter of one of our southern cities, when I saw in the window of a colored resident a framed poster in Portuguese advertising the merits of a locally manufactured plow. It seemed that the old colored man had been employed with the plow company for many years in their packing room and had sent many shipments of these plows all over the world. As a Christmas present, he had begged for one of the Portuguese posters depicting, in the language of Camoens, the heaven-sent advantages in this Chattanooga factory. As the old man put it, "Why, Ah reckon a piece o' ma salary comes from dem Bra-zil-ions and dem other furriners that buys our plows."

The writer was walking along one of the principal business streets in Buenos Aires one day when he saw a group collected outside the store window. Some of the men

were repeating the liquid syllables of a name of a city in distant Minnesota whose creamery devices were displayed in the front window—Owatonna. It seemed like a mystical word. Hundreds of people, possibly thousands, passed that store daily and saw those articles from Owatonna. We wonder how many of the Minnesota workmen who put them together realized what attention they were attracting in Buenos Aires.

100 Per Cent Delaware

YOU all know the old story of an event in General Grant's presidency, when a number of senators and other dignitaries were visiting San Francisco and admired a large merchant vessel then lying in the harbor. Senator Saulsbury, of Delaware, in a burst of enthusiasm, exclaimed that she was entirely constructed and equipped in his own state. One of the western senators caustically asked if she could all have been built in Delaware at one time. Whereat the senator from the Blue Hen State replied with great dignity that every man, woman and child in Wilmington was perfectly capable of making a part of that vessel and of equipping her and many others for foreign commerce.

Wherever we go abroad and whenever we visualize what we find from the United States we are more and more convinced of the intricate interweaving of our foreign

commerce into every part of our national life. The writer has seen on one street in a foreign city apples from Oregon, clothespins from New Hampshire, tobacco cutting machinery from Virginia, cotton piece goods from Mississippi, automobiles from Wisconsin, motor trucks from Texas, seeds from Kansas, and salmon from Alaska.

We have thus far dealt only with our exports; the import side of the story shows an almost equal diversification. Whether your automobile is running in Maine or Oregon, imported rubber makes its tires. The leather in your shoes, whether they are bought in Montana or Florida, may have originally come from a goat from Brazil, China, Russia or South Africa. The tanning material in your shoes is from quebracho wood which comes from the far-off Parana River in South America. Whence comes the coconut in that ten-cent piece of confectionery? And the sugar that sweetens it? We could continue indefinitely with many articles of personal adornment and necessity. It has been said that it was not until 1878 that the first American flag was made entirely of American materials and dyed with American dyes.

So our foreign trade is not a matter of the Atlantic or of any other seaboard. Our foreign trade problems are just as much national as any domestic ones.

For and Against the St. Lawrence

CONTROVERSY over the proposal to improve the St. Lawrence River so that ocean steamers can get into the Great Lakes has been raging for months. Congress is trying to decide whether the United States shall join with Canada in canalizing this continental spillway and at the same time put the enormous power of the stream at the service of industry.

We went to some trouble to find the two men who could most effectively present the two sides of the question. The reader must decide which makes the better case.

THE EDITOR.

It Can and Must Be Done

By HENRY J. ALLEN

Governor of Kansas

MAN is always seeking to correct nature. If it were not for this he probably would have more time on his hands than would be good for him.

Some accident that happened when geography was in the making has left our generation a national problem in the Great Lakes. A mighty cataclysm threw Niagara across the outlet of our inland seas and scattered rapids in the St. Lawrence. But for this, vessels of the first explorers would have gone straight into the heart of the continent and established seaports at Chicago, Toledo and other points. There is no use bewailing the fact that this ancient upheaval has produced a tragedy in transportation; we must set to work and remedy it.

No one has ever denied the estimates of Julius Barnes that the ability to send our grain products in ocean vessels from the lake ports would mean an increased profit of at least 5 cents a bushel to the grain producers of the middle west. To this profit would be added the saving on the livestock and other products of the middle west. The most startling truth in reference to this great project is that the saving on grain alone to the farmers of the middle west would amount

to more than enough every year to pay the entire cost of the project.

While the Mississippi valley section of the United States is the most fertile producing region of the world, it must send its products on a longer rail radius than any other section which contributes to the world's supply of foodstuffs.

Using Kansas, which produces over 17 per cent of the wheat grown in the United States, as a basis, the distance to the Gulf of Mexico, our nearest port, is 750 miles from the heart of the grain-growing region. To the Atlantic seaport it is 1,400 miles. To Chicago it would be less than 600 miles. At the present freight rates it cost over 37 cents a bushel to get this wheat to New York. This is an amount equal to over 40 per cent of the price received for a bushel of wheat at the home elevator. It would cost us 24 cents to get this bushel of wheat to Chicago. It costs us 29.4 cents to get it to Galveston.

With the improvement of the St. Lawrence River so that ships could load at Chicago, the water rate to Liverpool would at least be no greater than the rate from Galveston. It would mean, to the wheat producers of the sixteen midwestern states, an added profit

under all conditions of \$290,000,000 a year. It would enable the farmers of the middle west, who now struggle with the longest rail haul in the world, to meet in better fashion competition from the great producing areas of Australia and Argentina, where the maximum rail haul is 250 miles from the seaboard, and the great wheat-growing territory of Russia, tributary to the Black Sea, where the average is less than 300 miles to the seaboard.

Nothing stands in the way of the remedy but the imaginary fears of the great metropolis. These fears have led to all sorts of absurd statements, but the only statement New York, with good taste and good sportsmanship, has any right to make to the middle west upon this subject is that the project is not feasible and that the only practical route for the shipments of the middle west is still through the New York harbor. Fortunately the transportation facts do not justify New York in making this statement.

In view of the fact that during the last year nearly 70 per cent of export wheat of the middle west has gone by way of Montreal, Galveston and New Orleans and that less than 15 per cent of it has gone by way of New York, it is wholly unnecessary to assure New York that her port will not lose the grain products of the middle west. Her port has already lost them, and, having lost them, the port of New York is still doing apparently all the business she can take care of.

We of the middle west wouldn't want to be guilty of ingratitude to New York. We are proud of the spirit with which she has built the Barge Canal and we wish for it every success, but it doesn't get for the middle west the relief the middle west is seeking. We are bound for Liverpool, not for Buffalo. We want the shortest route from the middle west to Liverpool.

Isn't it perfectly obvious that it is better

for the middle west to load its grain on board an ocean steamer at Chicago and other lake points and send it straight to Liverpool than to send it through the Barge Canal at Buffalo, reload it at New York and suffer the expense and the delay of going the additional 450 miles?

"But," say the New Yorkers, "it would be better to use the Barge Canal, because the Barge Canal comes to a port which is not closed all but five or six months in the year."

There is considerable poetic license here. The St. Lawrence route is open from seven to eight months in the year—the same as the Barge Canal. When the St. Lawrence route is closed the Barge Canal is closed. The fact that the port of New York is open all winter does not lengthen the season on the Barge Canal.

It is well known that the St. Lawrence route for the last two or three months has been shipping grain $2\frac{3}{4}$ cents a bushel cheaper than New York has been handling it. The possible difference of one-half of one-tenth of a cent of a bushel in the insurance rate—a factor that has been suggested—wouldn't be very destructive in view of the $2\frac{3}{4}$ cents a bushel saved on cheaper transportation. If grain can be handled down the St. Lawrence through the present conditions nearly 3 cents a bushel cheaper than it can get to New York, then with a modern canal route and with ocean ships the saving will be much greater and the small advance of insurance, which comes to shipping at Montreal in November, will not seriously affect the success of the project.

From July 2 to October 29, 1921, inclusive, wheat for export having relation to the movement of this year's crop passed through the several American ports as follows:

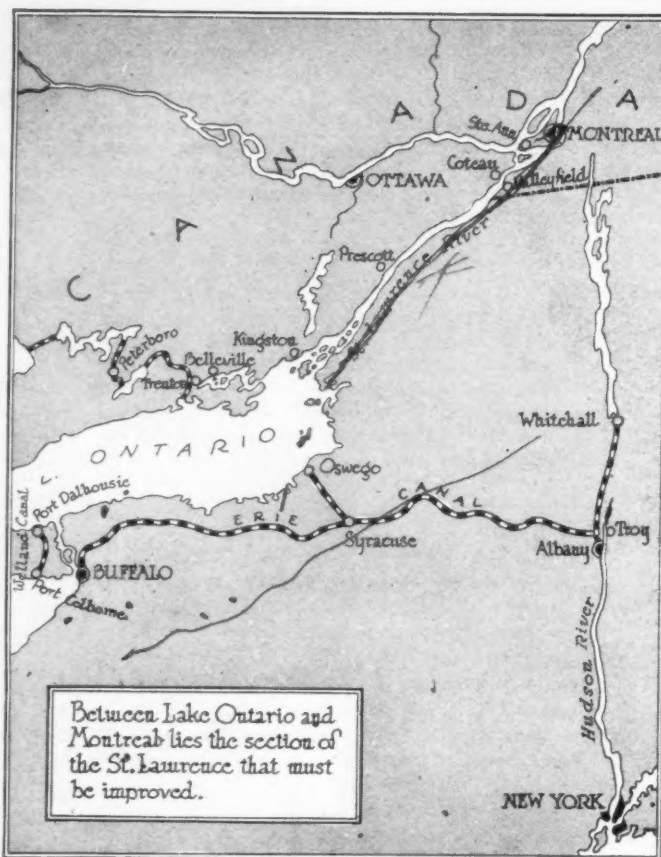
	Bushels
Montreal	32,839,000
Galveston	28,878,000
New Orleans	24,398,000
New York	19,940,000
Baltimore	9,272,000
Philadelphia	9,164,000

The testimony of shipping companies is that more than three-fourths of the vessels passing Panama could enter all the principal lake ports as now improved.

Through the Gulf of St. Lawrence, the St. Lawrence River and through the lakes, except for short stretches, the ocean vessels move as fast as at sea, and their cost of operation and overhead would be tremendously less than that of the rail haul with which they would compete. Their speed would be greater than that of the Barge Canal, with the inevitable wait in the New York harbor.

Engineers of both the U. S. and Canadian governments have agreed upon the plan for the improvements. The estimated cost is \$250,000,000, to be divided between the two nations. It is proposed that the credits of the two governments shall be used to finance the project, and with the creation of its great earning power the project will then take care of its own cost. At no time since the discussion of the project began has the suggestion been made that Congress appropriate out of the taxes of the people the money to pay for it.

Sixteen states would be interested deeply in the honest control of this great project.



Fifty million people, who contribute directly to it, would be watching it. Two governments would be safeguarding it. The mighty possibilities for power in the project would be preserved for the entire population. There would be small possibility of private interests obtaining control of it.

The Wooten-Bowden plan, which has been recommended to the international commission, provides for the power in the international section of the river, which is owned half and half. If the United States puts in half the money for that improvement, it gets half of the power development. No suggestion has been made that the United States should spend money upon the power development of any other part of the river.

It has been somewhat the habit of New York, secure in her great position, to ignore criticism and to act as though she were somewhat indifferent to the expensive faults of her port. The allegation of exorbitant rates of the New York port is capable of substantial proof. Every investigation of the subject has brought out the unfortunate facts, and the evidence is ample.

I have a vivid recollection of a certain interminable conference held with railroad managers and traffic heads. It was a frantic effort to find freight cars for the moving of wheat in Kansas when the farmers of Kansas were anxious to turn it loose at an attractive market price. There was congestion

in New York, Chicago, in Galveston, in New Orleans—congestion everywhere. The railroads could not get their cars back to the mid-west because they were waiting in New York and other places to be unloaded.

At one time there were 10,000,000 bushels of wheat piled upon the ground in Kansas, because it could not be moved, and the answer of the railroads was always the same—"Our box cars are tied up in the terminals waiting to be unloaded." And while this congested condition existed in the transportation and terminal facilities of the United States, Europe bought its wheat from other countries. The market went to pieces, and six months later, when the congestion was dissolved, the market was also gone.

It is an old story that it costs normally \$35 a car to get through the New York terminals. At the peak inflation it has probably been twice that in times past.

Hon. Robert W. Woolley, formerly of the Interstate Commerce Commission, states that between Philadelphia and New York the terminal cost is fourteen times the cost of the line haul.

The report of the New York and New Jersey Port Commission, in which analysis is made of the terminal costs borne by the railroads and the allocation of terminal costs in the rate structure, shows that the actual terminal cost exceeds the allowance in every movement. The railroads are not able to collect as terminal charges what it costs them to do business in New York, and the deficit is thrown back upon the traffic of the interior parts of the country. This annual deficit alone would pay the entire interest charge on the proposed St. Lawrence improvement.

These are the words of a friend, not an enemy. The port of New York belongs to the country, not to New York. It is not the thought of any man who believes in the St. Lawrence improvement to reduce the importance or the glory of New York. It is merely the judgment of those who have suffered so long that it is time to find relief in simple measures which will distribute the burden of caring for the surplus products of the United States which are seeking outlet to the sea. Upon the success of this search depends the continued growth of the country's productiveness.

It is my judgment that after the St. Lawrence project has gone through and is functioning, there will still be left for New York such a preponderance of traffic that it will call upon her best effort to provide proper terminal facilities to care for the products of a country that has received new life through its new pathway to the sea.

A Doubtful and Unwise Project

By CHARLES L. CADLE

New York State Superintendent of Public Works

NEW YORK STATE opposes the appropriation by the United States Government of moneys to be expended in the construction of a ship canal from the Great Lakes to the Atlantic Ocean by way of the St. Lawrence River. Its objections

are not based on selfish reasons. It does not urge against the measure the fact that the commerce of New York City might be injuriously affected or the prosperity of the state itself be impaired in any way. On the contrary, the State of New York would favor

any project which it believed was to the advantage of the nation at large.

New York is against the St. Lawrence project because it regards the scheme as economically unsound, commercially futile, and, in an international sense, politically unwise. It believes that the improvement of the inland waterways of the United States should be fully accomplished before embarking on a venture in a foreign country.

If the people of the Dominion are desirous of securing a greater highway for commerce through their own territory than now exists, they should be permitted to proceed with the task without opposition or aid from this side of the border. They should display the same independence and enterprise that was manifested by the State of New York on a similar occasion.

More than a century ago, the young state, single-handed and alone, without a dollar of financial aid from the Government or any other source, constructed a waterway connection between the Great Lakes and the sea, which, at the time of its building, was regarded as one of the wonders of the age. Its benefits were far reaching. It served not only the citizens of New York but was an important commercial factor as well as a colonizing agency in the territory to the west and northwest. It was placed at the disposal of the world.

What New York Did

LATER, when the demands of commerce required it, a wider and deeper channel was provided by the state at a cost of \$167,000,000, and, again, no suggestion was made that the territory in the west or northwest contribute toward the cost. During the debates which took place previous to the final decision to enlarge the old canal to a 12-foot waterway, the building of a ship canal from the Great Lakes to the sea was given serious consideration. Such plan was rejected, but, had it been adopted, the channel would have been built entirely with American money.

Those who believe that the cities of Duluth, Chicago and Detroit may become inland ocean ports by the construction of a deep channel to seaboard are enjoying an idle dream, and their awakening, if the canal ever was built, would be a rude one.

The enterprise is unsound from an economical standpoint.

The vessels commonly in use on the Great Lakes are of special type. They are unsuitable for general ocean use and could not secure ocean classification. They are inadequate to make the voyage across the seas. The dream, therefore, can be fulfilled only by ocean steamers plying the lakes.

The cost of such operation would be prohibitive. Assuming that a large ocean steamer could make the long passage through the restricted inland channel without danger to itself, its rate of speed must necessarily be limited. The length of time consumed in such passage would materially reduce the profits of the trip. As to the cost of operation, it must be realized that the crew of an ordinary Great Lakes steamer consists of 30 men, while that of the ocean vessel is 50 men.

The lake boat carries her full cargo on an ordinary Great Lakes draft of 19 feet. The ocean vessel can be operated only to two-thirds of her capacity on such draft, thus nullifying one-third of her efficiency. As part of the overhead and operating expense, the insurance rate is no mean factor. The average cost of a lake freighter of 10,000 tons capacity is \$400,000; that of an ocean steamer of the same tonnage, built during the war, is about \$1,500,000. To protect the owner of

the lake steamer against loss, an insurance premium of \$15,000 would be ample; on an ocean steamer the premium would run from \$45,000 to \$50,000. It will thus be seen that, even with a clear passage provided, the earnings would need to be enormous to attract ocean steamers to the Great Lakes trade.

Some Things to Think About

WE SEE no indications of large earnings. Assuming that cargoes for export were available from the western ports, the high cost of operation would militate against the low freight rates even on the eastbound cargoes, and unless westbound freight could be secured in equally large quantities the result would be a ridiculously high transportation cost or the withdrawal of the ocean ships from the trade. They would need to depend almost entirely on imports, and import business in sufficient volume does not exist, nor is it indicated for the future. Cargoes from intermediate ports could not be secured by the westbound ocean steamers for the reason that the lake vessels would still be in commission and, since their operating cost is low in comparison, their competition could not be met. An abundance of one-way traffic could not support the operations.

Attempts in the past to design a "jack of all trades" steamer have failed. Conditions of ocean navigation differ vitally from those of the lakes. Any labor expended to produce a craft for effective operation on all waters will result in a nondescript vessel efficient nowhere.

The most direct and convenient route, plainly marked by nature, from the Great Lakes to the sea, lies through New York, and the engineering and construction ability of the Empire State has made it a splendid avenue for commerce. From Duluth the distance to Montreal is 1,354 miles, and to Liverpool 4,406 miles. From the head of Lake Superior to the straits of Belle Isle on the Gulf of the St. Lawrence is over 2,500 miles, and from the straits of Belle Isle to Liverpool over 2,200 miles. This mileage is tremendous for an ocean steamer to accomplish carrying but two-thirds of her cargo capacity one way and little or nothing the other way. We therefore regard the scheme as economically unsound.

Not Necessary to Commerce

WE contend that commercially there is no necessity for the proposed new waterway. We believe the existing channels are sufficient for all purposes. By means of the Barge Canal system of New York State, vessels of a capacity of 2,800 tons may pass from Lakes Erie and Ontario to the ocean. A craft of different type desiring to reach seaboard by the northern route may make use of the present channels to Montreal.

The demand for a ship canal cannot be based on the present necessities of commerce. The New York Canal alone is physically capable of transporting 20,000,000 tons of freight annually, and this should accommodate all of the grain the west has for shipment. During the season of 1921, large motor ships have plied the canal waters carrying cargoes from Duluth to New York without breaking bulk. The canal has a minimum depth of channel of 12 feet.

Large grain elevators are being built at the ports of New York and Oswego. It is the policy of the state to continue the elevator construction until all needed facilities are available. This construction will be in addition to floating elevators already in use in New York harbor. Every inducement is being offered for the flow of commerce from

the west, and until these facilities are used to the full there is no logical basis for a demand for a different or larger waterway.

It is certainly not good business sense to discard one transportation instrumentality by the building of another until the inability of the existing route has been fully demonstrated. If the commercial development of the future should actually prove the inadequacy of the present inland channels between the Great Lakes and the sea, and experimentation with a ship canal was desired, routes through the State of New York, or to the Gulf of Mexico by way of the Mississippi River, should be considered before the passage to the Gulf of St. Lawrence is decided upon.

It must be remembered that the climatic conditions affecting the Canadian region are severe. The winters are long and the navigation seasons too short to warrant the tremendous expenditure. During 1921, navigation on the present St. Lawrence River channel was closed in the latter part of November, while boats moved through the New York State canals as late as December 23.

The proposition that the people of the United States contribute to the building of a waterway outside its borders is a bold one. It seems to be the more audacious from the fact that, to enjoy the benefits which the proponents of the scheme promise to the American cities on the Great Lakes, hundreds of millions of dollars in addition to the nation's share in the project would have to be expended in improving the city harbors to make them available for the ocean steamers pictured in the dream.

Rather Too Altruistic

THEN, too, it is a decided innovation in international affairs. It is probably the first time in history that one nation has been asked to take part in a movement which has for its purpose the diverting of commerce through another country to the detriment of its own ports. The idea is altruistic in the extreme. From the dawn of civilization, the rivalry between the nations of the world has sprung from business competition and wars have been fought to settle controversies growing out of the questions involved. And yet, in the matter at issue, the people of the United States are seriously urged to meet at least 50 per cent of the cost of creating in a foreign country what is predicted will become an enormous commercial asset.

In an international sense the project is politically unwise. War has not yet been abolished, and this country's trust and confidence in the future must indeed be perfect to warrant its taking part in a work which would throw open a path for the warships of a possible adversary direct to its vulnerable interior. It is a military adage that the nation which controls the mouth of the river controls the whole stream.

The arguments offered as to immense water-power development possibilities have no bearing when a commercial highway is the subject of consideration. And, when it is realized that 70 per cent of the route will be entirely in Canadian territory and 30 per cent on the international border, it will be seen that the share of the American people in the water-power development will not exceed 15 per cent of the total. The location of such 15 per cent is such as to minimize its importance to the industrial regions of the United States.

In conclusion, the State of New York extends an urgent and cordial invitation to her sister states to visit and study the canals here before they go too far in a movement to create a highway of doubtful utility beyond our country's boundaries.

The Tariff-Making Machine

By WARREN BISHOP

IN AUGUST of last year THE NATION'S BUSINESS printed an article on "The New Tariff Bill." That was an account of the Fordney measure as it had taken shape at the hands of the Ways and Means Committee of the House of Representatives. Seven months have passed and the new tariff is still in the making. Here is the "why," a picture of the machinery that is put in motion when Congress undertakes the task of fixing import duties.

Put the task of tariff making into a brief calendar and it would go something like this:

- Jan. 6, 1921, Hearings before the Ways and Means Committee of the House.
- July 6, 1921, Bill reported to the House by Chairman Fordney of that committee.
- July 21, 1921, Bill passed by the House with amendments.
- July 22, 1921, Bill received by the Senate and referred to the Finance Committee.
- July 25, 1921, Hearings begun by the Senate Committee.
- Jan. 9, 1922, Hearings ended.

The bill still has a long road to travel. It is now with the Senate Finance Committee, from which it may emerge this month. How long the Senate will consider it no one can tell. It must still be passed by that body.

It must then go to conference between managers chosen by the two legislative bodies with a chance of days or weeks before a report can be agreed upon.

Then the conference report has again to go before both bodies for adoption. Then the completed bill must be signed by the President.

What has been going on in these months since first Congress undertook to prepare a bill which technically has for its object "To provide revenue to regulate commerce, to encourage the industries of the United States, and for other purposes," but which will be known to most men as "The Fordney Tariff"?

There has been a call from all over the country for quick action on the tariff. "Rid us of suspense, let business know the worst—or the best!" Why can't this demand be met?

It might not be unfair to say that the very "business" that wants the uncertainty removed is the thing that causes the delay, for the backbone of the intricate mechanism of tariff making is the "hearing" which business demands.

Piled up on the desk is the printed testimony of the hearings before the House Committee—4,550 pages of them. Some forty pages list the thousand or more witnesses. They argued for or against a tariff on a list of articles that fill another 30 pages and begins with "Abrasives, metallic" and ends with "Zinc bearing ores." In between is almost everything the average man ever heard of and a hundred things that read like something in a foreign tongue.

Look down one page: Steel balls and tennis balls, beans, beads and beef, we know, but who is disturbed over the duty on barbitol, artificial bates, bamboo shades or bauxite? Turn bauxite into aluminum frying pans, think of artificial bates as one of the things that helped to make the leather

on your foot, and of barbitol as the sleep bringing veronal, and they have come into everyday life, and we see why not one man but many are concerned in the duties.

But why should 1,000 men talk a couple of million words about these hundreds of items that go to make up a tariff bill? There is a variety of answers. The main one is that the Ways and Means Committee needs information. Rival interests are pulling and hauling for a higher or a lower rate of duty. The members of the committee at these hearings get their one chance of questioning the manufacturer or the importer or some one who can speak for him.

The complexity of modern business, the new problems made by the war, have added their share to the burden on the tariff makers. Not long after the House Committee began its task, one of the members said:

Never did a committee work so much in the dark as this one. We are confronted with new problems all the time. New lines of manufacture were created by war-time conditions. These "war babies," you might say, now ask consideration as infant industries. What are key industries? What are things that

should be artificially encouraged because they are vital in our time? What is to happen to the industrial countries of Europe? Are present conditions as to exchange and labor costs temporary, or will they last for a long time? It is the effort to answer such questions as these that has made more difficult the task of assembling the tariff, 1922 model.

The most casual glances through those finely printed pages will illustrate what has just been written. Here's barium, right in the first volume, with a dozen pages of testimony about it. What does barium do for you? It paints your battleships, puts the glaze on your fine print paper, adds to the life of your automobile tire, is an important constituent of optical glass and figures in the hydrogen peroxide in the bottle on your bathroom shelf. And the barium industry is in danger from German competition, says a spokesman for the industry, who tells the committee of labor at 60 marks (20 cents) a day, as against our \$4 to \$6.

Multiply barium by several hundred, weave into the argument the conflicting interests of half a dozen sets of business men, add in "key industry," "anti-dumping" and a dozen other factors, and then wonder, not that we have six months spent in preparing a bill but that we have not six years.

All through these volumes run the stories of new post-war conditions. Witness after witness told of an industry sprung into life while Germany and Great Britain were struggling and asking now for help to keep it going in the face of revived European competition.

The tariff greenhorn may be surprised at the amount of testimony taken, and sometimes he is exasperated at the waste words that get into the printed record. He understands that a slightly flustered witness getting under way might say:

"As I was going to say, in order to lead up to what I am going to say, I was going to tell you . . ."

What he can't understand is why that has to be printed. Perhaps it's a safety-first rule, and that the best defense to a charge of distorting testimony is the ability to say that the stenographer's minutes were printed in all baldness.

But it is easy to see how weeks went by before the committee had reached the end of "Sundries" and "Free List" and had acquired some ground work for a new tariff.

With all this, and other material at hand, the committee split into five subcommittees, each with a schedule or a group of schedules, to prepare. The day of volunteer witnesses had passed, but there were still witnesses to be examined, witnesses whom the members of the committee wanted to hear on specific points.

That task took from the middle of February of last year to early in July. On the sixth of that month Chairman Fordney of the House Ways and Means Committee reported the biggest tariff bill—physically biggest—that the country had ever seen. Its 346 pages contained some 75,000 words and 1,689 paragraphs fixing duties.

Once in the House the bill was not long delayed. Reported on July 6 of last year, it was passed with some amendments on July 21 and the next day reached the Senate



Here in one pile are some—not all—of the printed documents which mark the progress of the pending Tariff Bill. They include volumes of testimony submitted on the subject before Committees of the House and Senate and the printed researches of the Tariff Commission.

Finance Committee. Three days later that body began hearings.

"What, more hearings?"

"Yes, many more."

There were in fact about 500 witnesses before the Senate Committee and more than 5,000 pages of testimony were printed. And this in spite of the fact that the committee asked that those desiring to be heard unite on one spokesman so far as possible, and that a time limit of thirty minutes was put on witnesses.

Nor was all vain repetition. Many, perhaps most, of the speakers were new. Sometimes the old speakers had new ideas or new arguments to present for old ones. One very considerable industry set forth its tariff needs before the House Committee; presented a somewhat different requests before the Senate, and then asked leave to withdraw the petition entirely.

Here, again, is another illustration of the difference in testimony before the two committees. Before the House Committee, when the metal schedules were up, there were pleas for the ferro-alloys, such as tungsten and silicon.

"These are key industries," was the point. "We need them greatly in war times. If we forget them now we shall be sorry. More-

over, the tariffs we ask will only increase the price of steel a few cents per ton."

Before the Senate came John A. Topping, of the Republic Iron & Steel Co., speaking for his own and other concerns, and asked that the ferro-alloys be free, saying that proposed duties would add \$24,000,000 to our yearly bill for steel.

Oils and fats for soap making furnish another instance of the new point of view. The Ways and Means Committee heard a good deal of the need of protection for the American raiser of some vegetable oils. The Senate Committee was visited by a delegation of soap manufacturers who pleaded for a lower duty on the manufactured product and free raw materials.

As one manufacturer said:

There has heretofore been a 5 per cent duty on laundry soap. It is now proposed to make it 20. We could look after ourselves at 5 per cent, and if necessary we could do it without any duty on the finished product, but if our present source of raw materials, these oriental oils, is excluded and made to go around to Europe as it will, we will have to pay more. . . . We will be excluded from the exportation of laundry soap.

A manufacturer waving away a tariff on his finished product is always a pleasing sight.

These instances may help to explain why tariff bills move slowly. The problem of American valuation may serve as added evidence. Not so much was said of that before the House, although there was testimony chiefly in support of it. By the time the subject came before the Finance Committee, both sides were organized and the senators got some 350 pages of testimony.

Meanwhile, another of those varied activities which surround the tariff making task, had got under way. An appropriation of \$100,000 to investigate the workings of the American Valuation Plan was made, and the work was put under James B. Reynolds, ex-assistant secretary of the Treasury and former member of the United States Tariff Board. Mr. Reynolds, with a staff of 70 men, spent over three months and at the end of that time was ready to report and, more than that, was prepared to turn \$25,000 back into the Treasury.

Not even so sketchy a consideration of the mechanics of tariff making as this could overlook a work that goes on all the time and has been going on for some five years. That is the fact gathering and fact assembling task of the United States Tariff Commission, which has printed more than 190 reports totaling some 15,000 pages.

From a Traveler's Notebook

By A. C. PEARSON

THE CONDITIONS in Continental Europe are very different from those in Great Britain, and the conditions in Switzerland are diametrically opposed to those of Austria. Switzerland is suffering from too high an exchange, Austria from exchange rates that are too low.

Minor incidents often serve to show conditions better and in a clearer light than would be furnished by an extended treatise on the causes and their effects. When you find the Swiss hotels usually losing money because of the comparatively high prices and then go into hotels in the Austrian Tyrol and see them jammed to capacity, you realize better than anyone can tell you the effect of exchange on trade. Switzerland, before the war, drew most of its hotel patronage from Germany, France and Austria, only a moderate proportion being derived from Great Britain and from America. Now the Swiss rates for accommodations are prohibitive to her nearest neighbors, while the rates in the Austrian Tyrol seem ridiculously cheap. On an international dining car going from Zurich to Vienna I had luncheon in Switzerland and dinner in Austria. Although we had the same dining car, the same crew and the same food, the price for lunch was about three times that for dinner—because the former was paid for in Swiss francs while the latter was paid for in Austrian crowns. This shows how slowly the adjustment is made when currency is changing its value from day to day.

IN AUSTRIA a most ridiculous situation in the matter of rents has been created by the law which forbids landlords to increase their rents. As a result of this situation a friend of mine who paid 30,000 crowns per year for offices and wareroom in Vienna prior to the war is still paying the same price in crowns, although in dollars the rent, which prior to the war was equivalent to \$7,500, is now only \$7.50.

HAVEN'T YOU in traveling overheard a conversation in a train or had someone give you in a single sentence a better insight into the ways of a foreign country than you had got from all the books and articles you ever read about it? And haven't you wondered why people didn't write thus about foreign countries instead of confusing you with long and ponderous articles?

Here are some leaves from the notebook of a recent business visitor to Europe. As president of the National Publishers Association and the United Publishers Corporation, Mr. Pearson had every opportunity to get at these "important trifles."

THE EDITOR

Facts of this sort, however, may prove very misleading. Many, on hearing of the great reduction in the cost of some articles or services, jump to the conclusion that the cost of everything in Austria is but a small fraction of what it is in Switzerland. This is far from being the case. Not only did I see Swiss merchandise being sold in Vienna, but also quantities of goods from Czechoslovakia. Indeed, a large proportion of the factories of the former Austria-Hungary are now located in Czechoslovakia. And since the trade of Austria is largely supplied from Czechoslovakia, it is obviously impossible for many goods to be cheaper in Austria than in the countries which are the source of supply.

In the scramble to buy bargains, especially on the part of those who are not well informed, the Austrian merchants have found

a great opportunity. For example, fur coats, wherein the raw fur probably came from Canada, have been sold by Austrians to traveling Americans at prices higher than those which prevailed in the New York market.

AUSTRIA impresses the observant visitor as a head without a body. In other words, Vienna, still a wonderful city, has not sufficient country to support it, and so we are able to behold the experiment of a great city attempting to become the metropolis of several surrounding countries which are not part of its own body politic. Not only this, but manufacturers in several nearby countries have found it necessary to have their principal selling agencies in Vienna, because buyers acquired the habit of making regular trips to Vienna and still prefer that city as a purchasing center.

I found Vienna in a better condition than at any time of my visit last year. In fact, there was practically no one out of work, and but for the tremendous uncertainty as to values caused by the deflation of the crown, real prosperity would seemingly prevail among the business population.

AS ONE crosses the line into Czechoslovakia one is conscious of a marked change. The first thing in evidence is that the porters in the adjoining station decline to take Austrian money, even for tips, and point to the "exchange" window, where travelers can exchange Austrian crowns for Czech crowns. When you have turned in thousands of Austrian crowns and got only a few Czech crowns in return you wonder what could have brought about so enormous a difference.

In Czechoslovakia factories and mills are busy and the leading business men seem to be members of a boosting club that cannot be excelled even on our own Pacific Coast. They show you statistics reflecting the remarkable diversity of their country's indus-

tries and its great agricultural and mining wealth. They point with pride to the fact that Czechoslovakia has balanced its budget, has refused to issue more paper money, and has adopted even the extreme measure of a capital tax in order to eliminate inflation. When you have finished a conference with an important Czechoslovakian statesman or financier you realize that they have definite plans and are going about them intelligently as well as fearlessly.

The Czechs apparently have taken the United States as their model and, as far as possible, are patterning after this country. One of their officials even went so far as to express the hope that they would adopt English as their official language. At present this appears to be unlikely.

WHEN we read of the wages paid to labor in Germany and compute them in our dollars we feel that it is impossible for the American manufacturer to compete with the German. That feeling is warranted in some cases; it is, however, a wholesome exercise for us to consider what constitutes the cost of a finished article. This cost is made up, roughly speaking, of raw material, labor, interest on capital, and distribution. For the raw material used in a large percentage of her products Germany depends on other nations, and this material she must purchase abroad in foreign coinage. Try to sell a German something for \$1,000 and see how that bulks up—to the proportions of a fortune—in marks and you will realize how difficult it is for a German manufacturer to finance the raw materials he thus draws from foreign sources.

If he has to have financial assistance from abroad, he pays very dearly for that accommodation. Everyone is aware of the high profit put on goods when they are sold to a near-bankrupt. It is the same in international trade, and the result is that raw materials are costing the Germans much more than manufacturers in the United States pay for similar commodities.

INTEREST in the business conditions prevailing in Germany is universal. Usually I am asked, "Will not German goods flood the world and drive out the

products of all countries where higher exchange rates prevail?" Such a question strikes me as a result of many years of German propaganda. The world seems to take it for granted that the German is 100 per cent industrious, efficient, clever and docile. As a matter of fact, I saw in Germany the most startling labor demonstrations that I witnessed anywhere in Europe. In Germany, too, more than in any other country, I heard complaints from manufacturers as to the restlessness and inefficiency of their employees, and in Germany I took part in conferences on more seemingly unanswerable problems than in any one of the nine other countries I visited.

It is high time for us to rid our minds of the bogey of the German superman and to realize that Germans not only confront the same difficulties we face but also are depressed by stupendous war losses and by the ever-present consciousness of defeat. The Germans also are held back by the specter they have conjured up of what they call "industrial slavery," due to the payment of war indemnities which, they feel, will cripple them for a period of not less than a generation.

THE German manufacturer's distribution cost is likewise high. The German feels that he is *persona non grata* in many countries. He will not run the risk of prejudicing his sales by a direct approach. So he is having his marketing done by the citizens of those countries, and, naturally, he is paying a high price for that service.

He is, moreover, subjected to a great handicap in not being on the ground in those other countries because of the resulting ignorance as to what the goods will bring, the more so as the sales are now made in the terms of the conditions prevailing in Germany and with the German manufacturer's necessities ever in mind. With these different handicaps duly realized, the apparent advantage which the German has through his lower labor costs quickly disappears.

Added to this is the great uncertainty as to the future which confronts the German manufacturer. He has studied conditions in other countries where deflation is taking place and

keenly realizes the difficulty involved in coming down the "inflation stepladder" without crashing to the ground. And since his country's inflation is dozens of times greater than that of any of the allied countries, he realizes that his descent is likely to be even more perilous.

One German manufacturer, when congratulated on having his product sold up for four months, said it was likely to be more of a liability than an asset, adding, "A man doesn't take much pleasure in having his store busy if there is a fire consuming the building next door."

ANOTHER fact which American manufacturers overlook is that Germany is skillful in only a limited range of products and has only a limited output measured in the terms of the world's consuming power. When Germany is sold up she is out of the market. Further than that, Germany must do business in order to reestablish herself and pay any part of her debts. Prior to the war we sold twice as much goods to Germany as she sold to us.

Altogether, it is far more advisable for us to have in mind the great opportunities for the sale of our products to Germany than to worry about the relatively small quantity of wares which Germany has managed to send to us.

IF WE could see ourselves as Europe sees us today—our abundant finances, our well-known inventive ability, our outstanding genius for organization, our demonstrated ability in "quantity production"—we would be ashamed of our fears and would seek rather for ways in which we may assist in the rebuilding of Europe. In this way we would create greater markets for the products of our farms and mines and factories. As the center of the available money for financing the world's restoration and development we must study our customers with more of the banker's breadth of vision. Much of our provincialism comes from ignorance of the real foreign conditions and from failure to study the interdependence of nations. A "short course" in foreign travel should be prescribed for all who are suffering from financial astigmatism.

What Can Trade Associations Do?

An interchange of views between Daugherty and Hoover

THE Secretary of Commerce and the Attorney General have been in correspondence regarding activities in which trade associations may engage without violating the federal anti-trust laws. This correspondence was in the nature of an informal, interdepartmental inquiry and an equally informal response. It binds no one but is a valuable exposition of the attitude of mind existing in two departments of the Government which have before them the public interest, but from different points of view.

Consideration of the anti-trust laws and the possibility of their violation is the point of view from which the Attorney General approaches the subject. The Attorney General's point of view was expressed as to a series of questions asked by the Secretary of Commerce. As to each question it was stipulated that both the trade association and the activity indicated in the question were bona fide and had no purpose of con-

cealing agreements in restraint of trade or of otherwise violating the anti-trust laws. The effect of the Attorney General's answers is as follows:

COST ACCOUNTING

There is no apparent objection to a trade association providing a standard system of cost accounting and recommending its use, provided that the costs so arrived at by the uniform method are not furnished by the members to each other or by the members to the association and by the latter to the individual members and also provided the association is warned against uniform cost as to any item of expense. It is as clearly a violation of the law to agree upon the cost of an item that constitutes a substantial part of the total cost price, when its cost actually varies, as to agree upon the sales price; because the sales price is substantially affected by such agreement.

TRADE PHRASES

A trade association may advocate and provide for uniformity in the use of trade phrases

and trade names by its respective members, for the purpose of ending confusion in trade expressions and for harmony of construction as to the meaning of trade phrases, names, and terms.

QUALITY AND GRADES

A trade association, in cooperation with its members, may advocate and provide for the standardization of quality and grades of product of such members, to the end that the buying public may know what it is to receive when a particular grade or quality is specified.

FORMS OF CONTRACT

A trade association, after standardizing quality and grades, may provide standard forms of contract for the purpose of correctly designating the standards of quality and grades of product.

TECHNICAL PROCESSES, ETC.

A trade association may standardize its technical and scientific terms, its processes and production, and its machinery.

ELIMINATION OF WASTE

A trade association may cooperate with its members in determining the means for the elimination of wasteful processes in production and distribution.

ETHICAL STANDARDS

A trade association may cooperate with its members for the raising of ethical standards in trade, for the prevention of dishonest practices.

CREDIT INFORMATION

A trade association may collect credit information as to the financial responsibility, business reputation, and standing of those using the products of the industry, and it may furnish such information to individual members upon request therefor, provided such information is not used by the association or the members for the purpose of unlawfully establishing so-called "blacklists."

INSURANCE

A trade association may arrange for the handling of the insurance of its members, including fire, industrial, indemnity, or group insurance. In other words, the members of an industry, through the agency of a trade association, may arrange for or place all the insurance of the members.

ADVERTISING

A trade association, in cooperation with its members, may engage in cooperative advertising for the promotion of trade of the members of that association engaged in the particular industry. Regarding another phase of association activity in respect to advertising there would seem to have been no "meeting of minds" between the two Cabinet members. Reference is made below to this failure of an understanding.

WELFARE WORK

A trade association, for and in behalf of its members, may engage in the promotion of welfare work in the plants or organizations of its members, which welfare work includes sick benefits and unemployment insurance for employes, uniform arrangements for apprenticeship in trade education, the prevention of accidents, and the establishment of an employment department or bureau for cooperation with employes.

LEGISLATIVE AND TRANSPORTATION QUESTIONS

A trade association, in cooperation with its members and acting for and in behalf of its members, may handle all legislative questions that may affect the particular industry, regarding factories, trades, tariff, taxes, transportation, employers' liability and workmen's compensation, as well as the handling of rate litigation and railroad transportation questions.

RELATIONS WITH GOVERNMENT AGENCIES

A trade association, in cooperation with its members and acting for and in their behalf, may undertake the promotion of closer relations between the particular industry and the federal and state departments of government which may have administration of laws affecting the particular industry in any form.

STATISTICS OF SALES, ETC.

Collection: A trade association may collect statistics from each member showing volume of production, his capacity to produce, the wages paid, the consumption of his product in domestic or foreign trade, and his distribution thereof, specifying the volume of distribution by districts, together with his stock, wholesale or retail.

Compilation: On receipt of the individual reports of each member, such a trade association may compile the information in each report into a consolidated statement which shows the total volume of production of the membership, its capacity to produce by districts of production which, in some instances, include

a state or less area, the wages by districts of production, the consumption in foreign or domestic trade by districts, the volume of distribution by districts, and the stocks on hand, wholesale and retail, by districts.

Distribution: After compiling the information in the manner described above, and without giving the combined information to any other person, a trade association may file the combined statement with the Secretary of Commerce for distribution by him to the members of the association through the public press, or otherwise, and to the public generally, and to all persons who may be in any way interested in the product of the industry, it being understood that the individual reports for the members should cover their weekly, monthly, quarterly, or longer periods as may be deemed desirable by the members and, when a period is adopted, the report for each member shall cover that period and the combined report shall be for that period.

STATISTICS OF PRICES RECEIVED

Collection: At the time a trade association collects the production and distribution statistics above outlined it may have its members report the prices they have received for the products they have sold during the period taken, specifying the volume of each grade, brand, size, style or quality, as the case may be, and the price received for the volume so sold in each of the respective districts where the product is sold.

Compilation: Without making known to any person the individual price reports of any member, a trade association may consolidate all reports of the character indicated above into one report and show the average price received for the total volume of each grade, brand, size, style or quality, as the case may be, distributed in each district covered by the distribution statistics for the period covered by each individual report.

Distribution: After making such a compilation, a trade association may send the compiled report as to average price, as outlined above, to the Secretary of Commerce, to be by him distributed to the public and to any or all persons who may be interested in the particular industry making the report.

NOTHING BINDING

Caution is characteristic of a legal department, especially of one with the responsibilities of the Department of Justice. The Attorney General was not content with the stipulation made by the Secretary of Commerce, about the bona fides that was to be assumed in connection with each question. To the affirmative answers the Attorney General added, "Provided always, That whatever is done is not used as a scheme or device to curtail production, or enhance prices, and does not have the effect of suppressing competition." Every one of the statements made above as to what a trade association may do must therefore be read in the light of this reservation.

The Attorney General went on to say that it is impossible to determine in advance just what the effect of a plan may be when it is put into actual operation. This circumstance, he concluded, made all of his expressions of view merely tentative.

Secretary Hoover

THE Secretary of Commerce is not a lawyer. He is at the head of a government department which has been directed by Congress to foster and promote industry and commerce. He had before him the practical question whether or not his department could utilize trade associations for obtaining information that would aid the department in discharging its statutory duties. In looking into this question, the Secretary said, he had found there was much confusion regarding the legal limits for the operation

of trade associations. He therefore propounded his questions to the Attorney General in order that he might be guided in performing his duties in promoting industry and commerce.

Before getting down to the questions on which the Attorney General was asked to express his legal opinion, the Secretary of Commerce spoke in high terms of trade associations. He declared with much earnestness his belief in the propriety, generally speaking, of trade associations. He found their lawful field of endeavor is large and that their activities work for promotion and advancement of the public welfare.

MOST OF THEM LEGITIMATE

The great majority of trade associations, the Secretary says, are legitimate, both in form of organization and activity. It may be that a minority may have expressed lawful purposes but may engage in activities which evidence other purposes. It may be likewise possible that a trade association having proper purposes and proper conduct may have in its membership a group of persons who use lawful information lawfully obtained for unlawful ends.

ABUSE OF LAWFUL INSTRUMENTALITIES

Statutes have not condemned lawful institutions or instrumentalities for the carrying on of commerce merely because someone might abuse their use. It is the abuse that is condemned, and penalties are provided for persons guilty of abuse. That there may have been occasion to invoke the penalties in cases of abuse, the Secretary reasons, is no cause for abolishing an instrumentality such as trade associations when used by law-abiding citizens for lawful purposes.

Statistics of production, prices, etc., are instrumentalities through which members of an industry may obtain knowledge of the conditions under which they do business. Progress has always been measured by the advance in knowledge of those engaged in industry. The knowledge of an industry that is essential to its success must embrace all facts and circumstances that will in any way influence the industry. Individual instances of abuse of information leading to such knowledge, the Secretary apparently reasons, is not a cause for preventing all such knowledge.

PROPER ACTIVITIES

The line dividing the good association and the bad, the proper activity from the improper one, and the lawful activities of the officers of an association from the unlawful acts of the membership cannot be determined in every instance with ease. The Secretary's belief is that the easier method is to determine the forms of organization and activities that are generally recognized as good rather than to attempt to determine in advance what are bad. The facts peculiar to each particular case may be necessary for the latter determination.

NOT ALL LEGAL ACTIVITIES INCLUDED

In proceeding to obtain the Attorney General's opinion on the former theory—i.e., that it is better to try to determine activities generally agreed to be proper—the Secretary of Commerce did not endeavor to include all activities which he, or the Attorney General, may believe are legal. He had a practical end in view—relations of the Department of Commerce with trade associations, particularly for the purpose of obtaining statistical data reflecting the course of production and distribution.

PARTICULAR PLAN PROPOSED

Because of this very concrete interest, the Secretary in effect drafted a plan which he thought would be in the public interest, and asked the Attorney General's opinion about this plan. In brief, the plan is that statistical

data should be furnished by each member to his association; the data from the members should be compiled and combined by the association; the combined figures, instead of being distributed by the association to its members, should be given to the Department of Commerce, and the data should be published by the Department through the press or otherwise as it might consider appropriate. It is as to this plan that the Attorney General gave his affirmative answers.

OTHER QUESTIONS UNANSWERED

This procedure has left without answer questions which were not asked by the Secretary of Commerce and that are still outstanding. An example is the question whether or not it is lawful for an association to distribute directly to its members data regarding past production and distribution or data respecting prices received in closed transactions.

A MISUNDERSTANDING

The Secretary of Commerce and the Attorney General did not attain a "meeting of minds" on one item. That they missed understanding each other on only one point

gives them a high record, as correspondence on difficult subjects goes.

The original question put by the Secretary was, "May a trade association engage in promotion of trade of its members by furnishing trade labels, designs, and trademarks for the use of its individual members?"

Serious doubts were stated by the Attorney General, who then talked about an inevitable result being uniformity in price. His discussion, however, showed that he was thinking about use of one trade mark for everybody in any industry and as the only mark for anyone in the industry.

This was pretty wide of the mark, and the Secretary of Commerce hastened to withdraw his question, pointing out he had meant to talk about a very different sort of thing. What he had in mind, he said, was the activity of some associations in devising individual marks for members and helping members to keep from infringing one another's marks. Straightening out instances of unfair competition was the object, he remarked, and it resulted in preventing confusion on

the part of the public and removed claims of unfair competition among the members.

This remark caused the Attorney General to ignore the attempted withdrawal and to insist that he could not express assent to a trade association determining questions of unfair practices and thus preventing members who think themselves aggrieved from going to the courts! He feared that recognition of such a power would open a door for adoption of many schemes the use of which might result in regulation of prices and the suppression of competition.

All of this exchange when the two Cabinet officers were not writing to the same point would seem to mean nothing. Some of the conclusions to be drawn if these passages were intended would undoubtedly startle the Attorney General as much as anyone. Besides, they would be contrary to the unanimous opinion of five New York judges rendered only last week. Mention is made here of this part of the correspondence only because of a desire to notice the whole of a very important exchange of letters.

Germany's Struggle for Trade

By FREDERICK SIMPICH

U. S. Consul Assigned to Division of Western Europe, Department of State

NOT SO long ago Germany had the export world worried. Alarming tales were told of Teuton traders booking orders from Tokyo to the Transvaal. Cheap German production, we were warned, made it easy for her factories to flood the world.

Rival nations fell to framing tariff walls. Even England, so long a free-trader because "free" raw materials are cheaper, turned from her ancient policy to entrench against the Germans—against dyes, dishes and dolls, silks, socks and clocks, textiles and telescopes. From Sydney to Stockholm the world heard the cry of "wolf," and salesmen mobilized for the "war after the war."

But the "war," somehow, is dragging a little; neither casualties nor spoils, so far, have been very heavy.

Today Germany's exports are hardly 40 per cent of their pre-war total—measured in dollars—and even less in volume. It's true that many German manufactures are pouring into Argentina, for example, but it's also true that they're peculiarly conspicuous, and cause comment, because during the long years of war almost no German wares at all went overseas.

Now as before the war, Uncle Sam seems to absorb only about 7 per cent of Germany's exports.

It is interesting, but not exactly easy, to try to point out the particular German goods which so far are in closest competition with our own—at home and abroad. Production conditions are changing so fast in Germany that an article which can be bought in Berlin today at a low price may be very expensive, or not obtainable at all, a few months hence.

Recently here in the States, cheap German-made cutlery, wood pulp and cheap newsprint paper, raw films for motion pictures, earthen, stone and china ware, dolls, toys, beads and bead ornaments, dyes and colors, cheap cotton stockings, gloves and millinery ornaments have been listed as the imports against

What Is Germany Doing?

THE bare mention of Germany need not send cold shivers down the back of the American producer, yet it is worth his while to know of the fight that country is making to regain and hold her lost foreign trade. It is a fight that will be increasingly hard, for some of the artificial advantages she has enjoyed will vanish. Here is a story of what Germany is doing in organization and by government aid.

The actual figures of German foreign trade prepared by the Foreign Commerce Department of the National Chamber, will appear in the April NATION'S BUSINESS. They will give the answer as to how effective German methods have been.

THE EDITOR

which the American manufacturer must battle.

And to the Orient, to certain European countries and Latin-America, German goods of many other sorts are also moving—heavy, valuable things like railway and farm machines, marine engines, tractors and tools. It is to sell such lines as these that Germany is now skilfully maneuvering for the trade fight which will eventually be staged in Russia.

Competition is and will be keen in these and other lines, in China and Chile, in India and Argentina. And, though official figures fail to show that Germany is likely to become the formidable trade foe she was before the war, the exact speed and extent

of her foreign trade growth interests every American exporter.

In estimating what German export competition we may expect, from now on, let us consider two questions:

What has the German Government done to aid her exporters?

What is happening in Germany to check production?

It's an old story, but still a true one, that Germany is a good place to buy but a poor place to sell.

Busy though other nations have been in their plans to meet Teuton competition, Berlin has not been less industrious. In spite of strikes, crashing cabinets, and budgets all out of balance, Germany has warily worked out ways and means to win back and hold as much as possible of the trade that once was hers.

Combinations which would amount to violations of anti-trust laws here are freely fostered; lately, when the Russians wanted three hundred engines, the Berlin Government took a hand and, instead of Krupps getting the whole order, it was distributed among all the German shops.

Although on a smaller scale than our own Bureau of Foreign and Domestic Commerce or the British Department of Overseas Trade, Berlin's Government Foreign Trade Bureau is actively gathering foreign trade news. The Association of German Export Firms has its offices also at Berlin and embraces both manufacturers and shippers. One of its late tasks has been an intensive study of export markets: (1) those where American and British competition will be keen, and (2) those where Germany need fear less competition. In fields under Group No. 1, the German plan is to standardize and simplify all machinery and tools; in No. 2, a policy of meeting the exact needs of the individual market will be followed.

The German control system, now set up in nearly every field of production, works

against our exporter, for these control commissions can and do often absolutely disbar all such articles as might come in competition with German-made wares. Yet the German government policy in the foreign trade field is often no more popular among many classes of German merchants than are some government policies in other lands we know. Certain German firms, for example, who in the past have waxed fat as agents in Hamburg or Berlin for standard lines of American adding machines, safety razors, typewriters, automobile parts, agricultural machines, etc., now find it impossible to get stocks to fill orders, because the "Einfuhr Bewilligung" or Office for Import Licenses, refuses to grant a permit.

The aim is to fix prices for export, shut out imports which might compete with German industries, regulate wages and costs of raw materials, and to obtain the quickest and cheapest distribution, cutting out competition, advertising, duplication of effort and unnecessary handling wherever possible. Also, by judiciously distributing orders among various factories, they try to keep one factory from standing idle while similar plants in another part of the country may be far behind with orders.

In brief, American exporters in many lines find it most difficult to sell finished goods in Germany, whereas the import of raw materials is subject to no restrictions.

Much misapprehension exists among American importers, even after they've finally obtained their "Export Permit," as to what export taxes they may have to pay to get their goods out of Germany.

The chief source of worry seems to be the "26 per cent Reparations Export Tax." As

a matter of fact, nobody actually pays this tax. It is merely a measure of Germany's ability to pay, as applied by the Reparations Commission, which decreed that she should pay every year, among other things, a sum equal to 25 per cent of her "actual commerce." Theoretically—in fact by keeping a special tax account—the German exporter pays the government this 26 per cent on every export invoice, and it returns to him 25 per cent thereof, in paper marks, keeping only 1 per cent to cover the cost of accounting. This practice is followed only that it may know what its actual commerce is.

So, of this much-discussed Reparations Tax, American importers really pay only 1 per cent.

However, a fixed tax for revenue of from 2 to 10 per cent is also levied on all exports.

In addition, there is the German "War Increment Tax," something like our "Excess Profits Tax."

In the case of companies the tax is levied as follows: 80 per cent is levied on their excess incomes, but companies with incomes below 500,000 marks pay this 80 per cent after a deduction varying from 10 to 50 per cent from the excess income. As 500,000 marks is today a very small income very few companies would be exempted from this 80 per cent tax.

To this special 80 per cent tax must therefore be added the 2 to 10 per cent named above; so that, actually, between 80 and 90 per cent is thus added to the inland cost of German goods before they start abroad to compete with ours.

In many lines there is close coordination in foreign trade. All the 150 grain im-

porters are banded together and work as a trust under the Food Ministry, so that the purchase of wheat, rice, rye, barley, corn, etc., much of which comes from the U. S. A., is a government monopoly. Berlin arranged this to prevent injurious competitive bidding among German buyers abroad.

Among foreign trade arrangements is the plan formed by an association set up in Munich. It has made a trading contract with a group of German merchants at Odessa who undertake to handle the distribution of German wares through the Ukraine, the Caucasus and the Levant.

Salt export is controlled by a syndicate which distributes it in overseas markets, operating much as the potash syndicate does.

Lately Germany has made trade agreements with Latvia and Lithuania, providing for easy freight and passenger traffic and fixing tariffs favorable to the free exchange of goods.

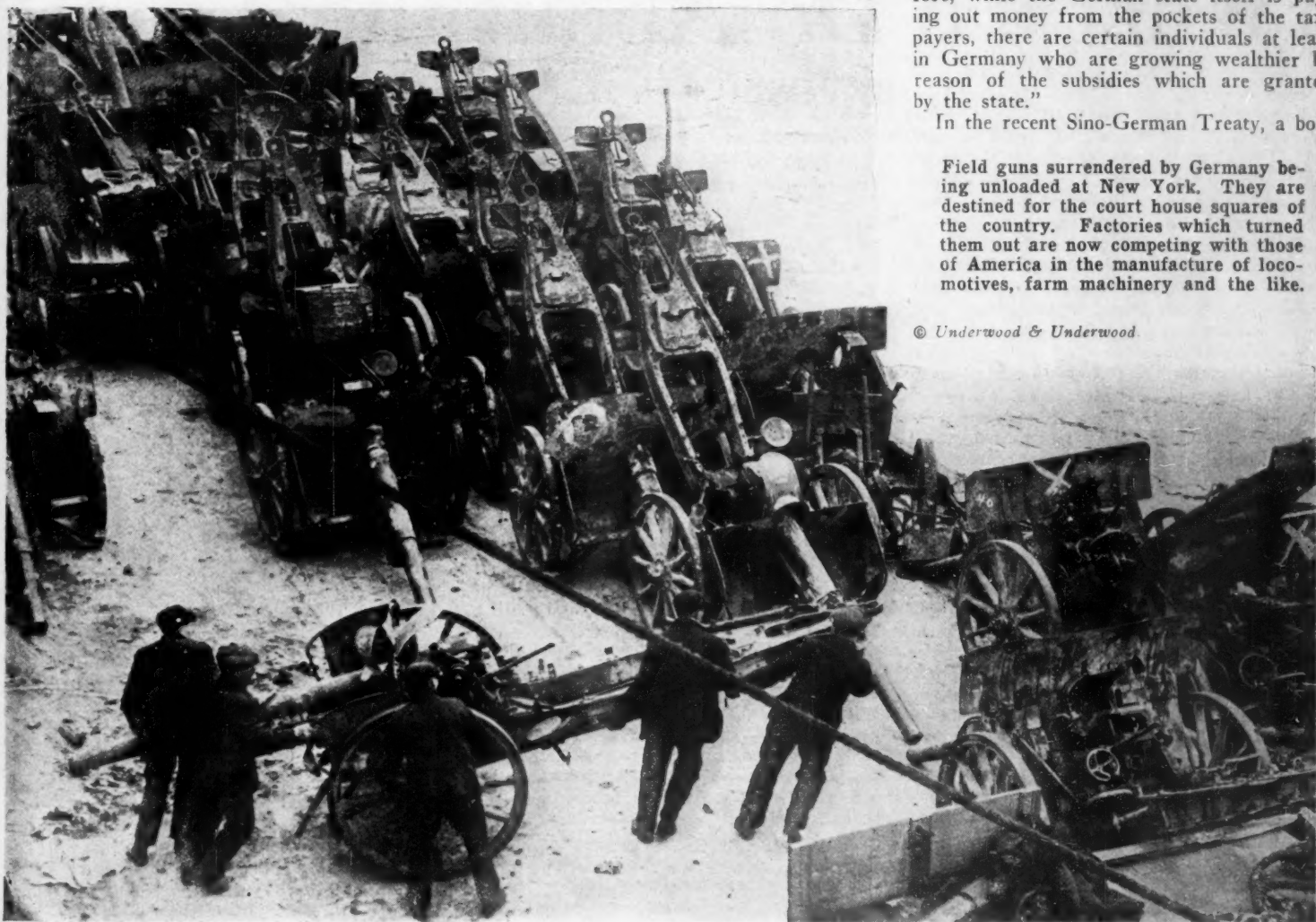
As a matter of policy and to appease labor, the coal and potash industries have been somewhat "socialized." Although actual ownership remains in private hands, labor theoretically has a voice in control, price fixing and policy. Thus, without actually costing capital much, this plan gives labor a strong and more dignified position, and labor leaders, being permitted to study the balance sheet, are familiar with the costs of production to the merchants.

Big factories that use coal actually enjoy a government subsidy. Recently the British Chancellor of the Exchequer, speaking of subsidies in Germany, said: "Coal is being sold today in Germany at about half the price which is paid anywhere else. That is another form of state subsidy, and, therefore, while the German state itself is paying out money from the pockets of the taxpayers, there are certain individuals at least in Germany who are growing wealthier by reason of the subsidies which are granted by the state."

In the recent Sino-German Treaty, a bold

Field guns surrendered by Germany being unloaded at New York. They are destined for the court house squares of the country. Factories which turned them out are now competing with those of America in the manufacture of locomotives, farm machinery and the like.

© Underwood & Underwood.



bid for Chinese favor is seen. "Extraterritoriality" was long synonymous with political prestige in the diplomatic traditions of the east. But in these eventful days historic eastern institutions are crumbling fast. Maybe Germany clearly "saw the handwriting" when she gave up her consular courts in China! Anyway, she's busy now re-registering her trademarks, and her salesmen are making hay, slowly but surely, from Macao to Manchuria.

So, too, a high point in German trade policy has been her success in maintaining intimate relations with Holland, a position which enabled her last year to borrow so heavily from her Dutch neighbor and to get such a strong foothold in the Dutch Indies.

Though the famous Berlin-Bagdad trade route plan is no more, the ambitious "Drang nach Osten"—the *Drive to the East*—is a high hope of every German exporter. Before the war, they say, the great "A. E. G." sold \$25,000,000 worth of electrical goods in Russia every year. "For the present our sea trade is checked," Felix Deutsch of the "A. E. G." is quoted as saying, "but there's a good overland route to Russia." In brief, the Berlin-Baikal and Berlin-Bokhara plans, based on the reputed German traders' and settlers' knowledge of the Russian people, their language, habits and needs, lead the Berlin banker to believe that when the actual trading begins (no matter who furnishes the goods and credits), Germany must act as middleman.

Export prices are fixed in the currency of the country of destination. At the Leipzig

Fair, for example, I saw one sample with half a dozen different price tags on it—one price in lire for Italy, another in pounds for England, and dollars for America, in pesos for Argentina, etc.

Germany's policy includes the restoration of good relations not only with the Baltic countries of Russia, but with the small countries formed from the former Austrian Empire. Special trade treaties have been made with the Czechs, the Bulgarians, the Jugoslavs, the Italians and the Portuguese. In her politico-economic penetration of Italy, also, as in Austria, Germany has bought into big industries—like the Fiat Company—and is reported to have joined up with Spanish capital in maintaining an interest in certain German electric enterprises in South America.

Sometimes Americans kick when letters come from Germany showing that they have been opened, inspected and resealed at the frontiers; this is done by virtue of a law to prevent the unauthorized transfer of gold securities, foreign money, precious metals, jewels, etc., to points outside Germany.

As scouts and sharpshooters to get back her overseas trade, Germany makes use of engineers and experts of various sorts; she encourages her citizens of such classes to seek official positions in influential centers in countries like Japan, Poland, Russia, South America, etc. She also promotes the work of trade schools and societies for the study of foreign languages, commerce, and to aid colonizing schemes in countries like Brazil and Argentina.

The "Auslands-Deutschen" or "Germans Abroad Society" works under the German consulates to further German interests in foreign lands.

To check dangerous speculation the government seeks to have all foreign exchange bought and sold through a central office.

In gauging Germany as a competitor, these facts loom large:

Her present industrial boom sprang up because paper marks buy more within Germany than outside.

Goods wherein labor, and not raw materials, are the chief element of value—like pottery—are turned out at astoundingly low cost.

It follows, too, that goods for export, made from imported raw materials, gradually cost Germany more and more to produce. The lower the mark sinks the higher the price she must pay for copper, cotton, oil, wool and hides.

And then, if Germany finally gropes out of the financial fog with a stabilized currency, wages will tend to rise nearer to world levels, carrying production costs up accordingly.

In the meantime, labor's voice is more insistent. Some writers have a lot to say about the patient German workman who, long disciplined by the military yoke, now bends as dumbly—dutifully—to the economic yoke of work, save, and pay war debts. News of railway and other strikes hardly substantiates this; on the contrary, export production must suffer until some form of stabilized money brings wages and production costs to more permanent levels.

What To Do About the Tariff

By JOSEPH H. DEFREES

President, Chamber of Commerce of the United States

I COUNT it one of the very definite achievements of the Chamber of Commerce of the United States that it had both the courage and the sense of duty to American business to take up, study and send to a referendum the most pressing questions of tariff legislation at the present day, to be voted upon all over the country.

It must not be understood, however, that I look on it at all as a personal achievement. The Chamber is not a one-man institution. None is less so. I know of none other so completely controlled by its constituency. I did not originate the idea; my part in it was to appoint the Committee on Tariff Principles when the Board of Directors voted that there should be a committee, to sit in at its meetings when I was able to do so as an ex officio member, and to urge and further the completion of its work. I am no tariff expert; I have been a business lawyer, not a business man; am neither a producer, manufacturer, distributor, farmer or laborer, and am no more affected by the tariff than the ordinary consumer. Consequently I had no fixed predilections, no thesis to maintain or die for, and was perfectly willing to await the judgment of American business and then carry it out to the best of my ability.

That it was venturing on what has been deemed a quagmire in touching the tariff the Board of Directors well knew. "The tariff is a political question" had been enough to make every commercial organization shy off from it from time immemorial and feel it was justified in not venturing into

such danger. But the Board of Directors of the Chamber in this critical time for American business had both the intelligence and the hardihood to probe deeper; to recognize that the tariff, although a political question, was, in its origin and fundamentally, a business question, and the fact that the political parties had taken it up and split on it, and this had continued through a long series of years, did not change its fundamental character and render it the less one of the most important business questions of the present day upon which American business as a whole should express its judgment for the aid of our legislators in arriving at conclusions. Indeed it has been a curious anomaly that business, generally organized, has refrained from touching the tariff, leaving it to the individual industries and individual business man that had a property stake in the tariff, to do all the talking on behalf of American business.

And now American business, in the broad sense, has spoken, and in one of the largest votes ever polled by the National Chamber, it has given indubitable proof of the widespread interest in the subject; and, as I believe, has sounded the death knell to the theory of the tariff either being a "local question," as it was once characterized, or being a special perquisite of individual lines of business. The Chamber has shown that it has a common voice—that the tariff is no longer to be deemed merely a partisan political question; that its general business and economic character is recognized with-

out regard to the partisan political tendency of the various sections of the United States.

For convenience in certain of its purposes the Chamber has divided continental United States into nine main geographical divisions or districts as follows:

District I: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.

District II: New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia.

District III: Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida.

District IV: Alabama, Mississippi, Louisiana, Texas.

District V: Kentucky, Tennessee, Missouri, Arkansas, Kansas, Oklahoma.

District VI: Ohio, Michigan, Indiana, Illinois, Wisconsin.

District VII: Minnesota, Iowa, North Dakota, South Dakota, Nebraska.

District VIII: Montana, Idaho, Wyoming, Colorado, Utah, Nevada, New Mexico, Arizona.

District IX: Washington, Oregon, California.

It will be observed that as grouped each division generally speaking is distinctly with one of the other of the great political parties upon partisan questions; also that in the divisions each point of the compass is recognized by groups representative of the same general thought on partisan questions.

Tabulation of the vote in each of these

nine divisions or districts upon each of the six propositions of tariff principles upon which the vote committed the Chamber discloses that two-thirds of the whole vote cast necessary to commit the Chamber also characterized the votes in each district upon each of the six propositions; or, in other words, that two-thirds of the votes cast in each district except one in which the majority was just short of two-thirds was also in favor of each of the six propositions to which the Chamber is committed.

The result shows conclusively that upon such questions the business of the country knows no North, South, East, or West and is equally unconscious of political party considerations; it speaks with a common voice and to common ends. That the vote was divided and inconclusive upon whether American Valuation should supersede the present system or whether a general revision should be postponed till trade and finance are more stabilized does not modify the conclusion asserted in other words, that two-thirds of these propositions simply indicated natural divisions upon unusual features upon which there never had been any party, political, or territorial issue.

The Chamber declared unmistakably in favor of a flexible tariff—the principle which the President has likewise announced as essential to cope with present world conditions—but differing from the President, in that he proposed that the present Tariff Commission should adjust rates to conditions while the Chamber strongly recommends that a Tariff Adjustment Board be created with power of decision as to rates within appropriate limitations to be fixed by the Congress, leaving with the Tariff Commission its present function of research and information, a function which should not be impaired or made subject in any degree to political influence or pride of opinion by having to administer rates and carry into effect its own conclusions. It has asserted the principle of anti-dumping legislation, it has favored protection for vital industries subject to destructive competition, but has urged that the principle of maintenance and encouragement of our export trade should be observed in legislation so far as consistent with the maintenance of such protection. It recommends that tariff legislation should be framed and administered with a view to meeting discriminations by other countries against American trade.

Upon American Valuation as against the present system of valuation for levy of ad valorem duties, and upon the question of postponement of tariff legislation until conditions in international trade and finance are more stable, American business as a whole, the vote shows, is widely split. There is, of course, a majority and minority vote in each case but no decisive majority. The by-laws require that two-thirds of the vote shall be favorable in order to commit the Chamber.

It was not to be expected that a public submission of questions of tariff principles could be accomplished without some objection. Difficulties both natural and personal in character always beset the pioneer, and yet without him there is no progress—only the ills of inbreeding. Summing it all up, now that the debate is over, it is remarkable that criticism was expressed from but few directions and that so many expressed themselves satisfied when a full statement of

The Vote

LEGISLATION should permit, in the event of changes of economic factors, adjustment of tariff rates by administrative authorities within limits prescribed by Congress for the purpose of maintaining a consistent tariff policy. *For, 1597; against, 301.*

Creation of a Tariff Adjustment Board to administer adjustable rates. *For, 1386½; against, 481½.*

Reasonable protection for American industries subject to destructive competition from abroad and of benefit to any considerable section of the country. *For, 1852½; against, 24½.*

The principle of maintenance and encouragement of our export trade should be observed in tariff legislation so far as consistent with protection of American industries of benefit to any considerable section of the country and subject to destructive competition from abroad. *For, 1804½; against, 57½.*

Tariff legislation should be framed and administered with a view to meeting discriminations, direct or indirect, by other countries against American trade. *For, 1880; against, 23.*

Anti dumping legislation of May, 1921, should be maintained in principle. *For, 1863½; against, 29½.*

The present system of valuation for levy of ad valorem duties should be maintained. (Votes in opposition to this recommendation interpreted as in favor of "American valuation.") *For, 985; against, 834.*

Postponement of general tariff revision until conditions in international trade and finance are sufficiently stabilized to form a basis for legislation possessing permanent value. *For, 723; against, 1140.*

facts and reasons for the Chamber's action was placed before them. But what the opposition lacked in numbers it made up in considerable degree in bitterness and unwarranted comment, some of it to the point of suspicion of motives. If this were the general attitude of American business men it is obvious that organization of American business to voice to Congress the general opinion of business would be impossible, a thought which in itself is impossible.

Let me say to the critics that for everything that was done in this referendum there was a reason, a reason impartially thought out and impartially adopted; that the questions were not phrased to bring a certain result or to catch anyone, but in accordance with precedent and reason, as the best phrasing we could work out to bring about a clear expression of opinion on the issues. To put up a committee report and its recommendations to be voted on rather than single and unallied questions is just the procedure that they follow in their own organization. The Committee was not chosen for or against any type of thought, but was selected with the greatest care with a view solely to getting proper representatives of different points of view and of different sections of the country. (The main controversy was over American Valuation, and the complete fallacy as well as injustice of certain of the criticism is best exposed when I say, as I now have a right to say, that at the time I selected the Committee my inclination was in favor of American Valuation.)

From the mere fact that the Chamber used its best efforts to secure American business opinion upon tariff principles there will come some resignations. Some have already come. But those who have resigned because

of this referendum, some before even the result was known, will surely recognize that the officers and Directors of the Chamber of Commerce of the United States, chosen by over 1,400 organizations located in every state, territory and dependency, and in foreign countries, which in turn represent in their membership over 750,000 firms, corporations and individuals, will not be deterred from carrying out a course which they believe should be followed in the interest of American commerce because of resignations or threats of resignation. Such threats are unworthy of the American business man, as I have known and worked with him and for him now through a series of years.

School for Secretaries

NOT ONLY is the National School for Commercial Secretaries to be held at Evanston again this coming summer (August 21-September 2, inclusive)—its success last summer made it an established institution and its second session will mark another notable step in the development of secretarial training.

The plans for the National School are rapidly approaching final form. This summer there are to be two classes of students, juniors and seniors. For the juniors much the same course as last year's will be provided, though with improvements based upon experience. For the seniors there will be added a series of seminars or discussion groups under the leadership of specialists in the subjects discussed. Each subject will run for a week so

that those who elect it may have full opportunity to go into it thoroughly and get not only the benefit of the specialist's knowledge, but the experience of other secretaries in the way of practical application. Subjects tentatively listed are:

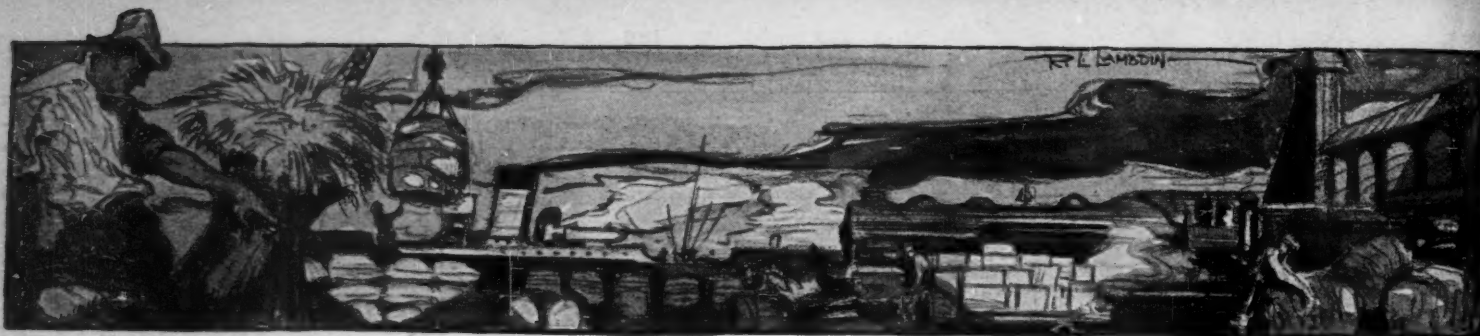
Fundamentals. (Each of these runs through an entire week and two each week must be elected by each student whether junior or senior. Seniors, of course, will elect subjects they did not take last year.) Speech, Psychology, Business and Government, Journalism, Municipal Government, Business Law, Organization and Management, Economics, Social Conditions, Distribution (marketing), History of American Business.

Technical Courses. (These are for juniors. On each subject there will be a text book, especially prepared, a lecture, and a round table discussion. Each subject will be given one day.) Organization, Program, Finance, Publicity, Membership, Meetings, Office Administration, Departmental Activities; commercial, industrial, civic, The Secretary.

Seminars. (These are for seniors.) Selling Your Organization, Traffic, Foreign Trade, City Planning (including Zoning and Housing), Membership (advanced course), Finance (advanced course), Chamber of Commerce Organization, Social Service Activities, Plant (business) Location, Committee Organization and Management, Labor Relations.

Arrangements are being made for student activities during the school term, for full use will be made of the exceptional opportunities Evanston offers for outdoor sports.

The School of Community Leadership at Madison, Wis., has been discontinued. It was conducted by the American City Bureau which has placed the school facilities at the disposal of the National School.



Meaning of the Hardwood Decision

MERE MENTION of the Supreme Court Decision in the Hardwood Lumber Case sends cold chills down the backs of Trade Association executives. How far fetched were their fears that Trade Association activities would be greatly curtailed by the decision we tried to show in the article entitled "Hardwood Decision Is Limited" in the February issue.

Now Mr. Frank K. Nebeker, who was Assistant to the U. S. Attorney General in Charge of Anti-Trust Matters in the preceding administration, and whose work was with just such cases as the Hardwood Association, writes to us as follows of our article:

As you suggest, the decision contains nothing new or startling, and its effects are not nearly so far-reaching as seems to be generally supposed.

I understand that business concerns are being widely circularized for the purpose of convincing them that this decision has dealt a fatal blow to all trade associations and that nothing short of the repeal or substantial amendment of the Sherman Act will enable them to "carry on."

While I am convinced that the Sherman Anti-Trust Act should be amended so as to permit the courts to take a broader view of economic conditions, I realize that to procure any amendment whatever of that Act at the present time is "a pretty large order." The wise course for trade associations in the circumstances is simply to refrain in good faith from fixing prices or curtailing production. They have known all along that these things may not be done directly, and they know now that they cannot be done indirectly by such methods as those found to exist in the Hardwood Case. I concur in your view that there is a large domain in which trade associations are still free to act, and that the decision referred to does not purport to deal with what has been generally regarded as legitimate activities of those organizations.

Poland Needs a Hellandmaria

ATREASURY WATCH DOG in very fact is what Poland's finance minister thinks his country needs forthwith. Consequently, he prefaces his new scheme of taxation with a demand that he have an absolute veto power over every project of the government that would entail new expenditures.

His proposals for taxes are calculated to persuade Polish legislators that he should have the veto power, for he came forward with a levy of 15 per cent upon capital invested in industry, agriculture, or merchandising. Later he consented to modify the tax into a levy upon real estate acquired in the years 1916 to 1921, making the amount 200 per cent of the purchase price if the property were bought in 1916, 150 per cent if the acquisition were in 1917, and so on. The high figure in percentage is set because of the depreciation of currency that has been going on at a rapid rate. Gold, jewels, money hoarded at home and the like he makes subject to a graduated tax. Finally, he proposes to treat as genuine criminals any persons who evade the law about exporting Polish money.

All of this sounds harsh, but it serves to demonstrate once more that a country that turns loose the printing presses and indulges in an orgy of paper money must eventually take a hard road to get back to a position of financial credit and standing.

The Last Word in Mechanical Motherhood

INDUSTRIAL RESEARCH is a very excellent thing, in its proper place and within reasonable limits, but it seems to be going altogether too far in the hands of the Japanese. Operating under a governmental grant for research, a Japanese savant has created a machine some 120 feet by 30 feet in dimensions which he declares will hatch 1,500,000 eggs at a time, with a live chicken to every egg. With becoming modesty, he describes the contraption as the "most comprehensive machine in the world." That the professor has dared to let word get about

respecting his invention would seem to be proof positive that there is no "agricultural bloc" in Japan.

Possibly we have arrived at an era of yarns. It would seem that hard times stimulate the imagination. When the world gets to feeling poor it falls to speculating upon the production of gold from thin air, lead, or silver dollars, and upon the branches of the printing art as exemplified in slips of paper with which one can fill his empty pockets at will and purchase blue sky or suburban mansions as the spirit may move him.

Bermuda Capitulates at Last!

BERMUDA has given way and will now have automobiles, under public control. A majority of the legislative body of Bermuda has at last agreed to permit a system of motor busses for passenger and freight. Private motor cars, however, will stay under the ban.

After religiously excluding the motor car and permitting only horses and bicycles, Bermuda has declared for the motor car, but only as a public conveyance with its operation and management subject to strict surveillance.

Where to Apply "Uplift"

SAMUEL VAUCLAIN, president of the Baldwin Locomotive Works, once said to an editor of *THE NATION'S BUSINESS*:

"Most wage earners resent paternalism. Their feeling is this: If my employer can dig down in his pocket and build libraries and bathhouses and theaters, why can't he put the money in a pay envelope and let me pick out my own place of amusement?"

Here's a story that will prove there's truth in the Vauclain philosophy:

On the Pacific coast a lumber company had a new executive. He was blessed with a conscience and a sincere desire to help the men. His company owned the town where the men lived, and he felt that there was a real need of a club house and that the company ought to build it. The general manager approved, and the project was hailed as a forward step in winning the support and cooperation of the workmen.

The new executive had got so far as to make preliminary plans when he was hailed by a woodsman friend who had been with him on a hard trip into British Columbia and with whom he was on more than commonly intimate terms.

"What do you think of this idea for a club house?" asked the executive.

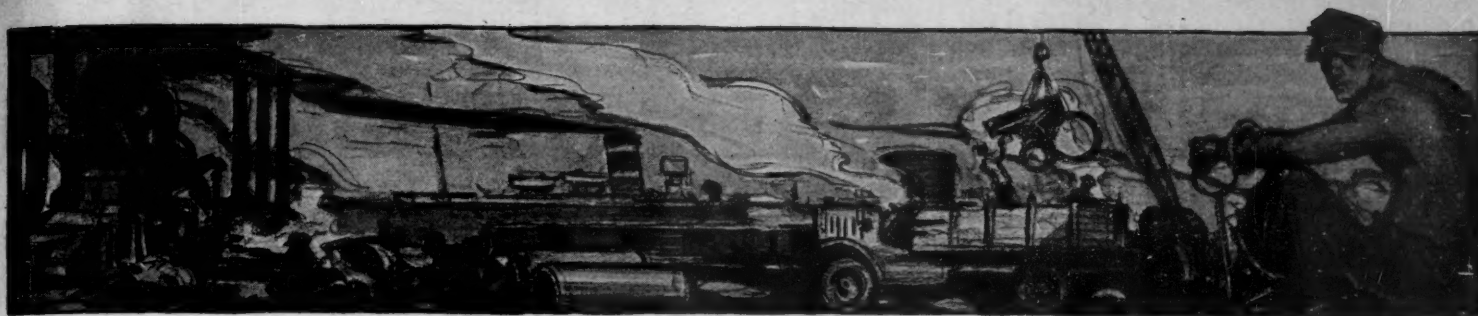
"Take my advice and don't," was the unexpected answer. "The men want higher wages. They are not worrying about a club house, and if you give 'em one it will be just a place to 'spit on the floor.' Give 'em what they want if you can and don't try to tell 'em what will make them happy."

That ended the club house plan—at least for a while. A year later the new executive heard that the men had formed a small club and were meeting in a local billiard hall. He said nothing and later was asked to come to a boxing bout at the club and finally to join the club.

Let the executive tell his own story of what happened:

"During that winter, meetings were held, small entertainments were given, and the subject of building a club house came up. I attended one of the meetings and suggested on the floor as a club member that, if they wanted a club house, they might put up a proposition to the company and I would see what financial support could be obtained from the Board of Directors.

"A committee was appointed by the club to deal with the



company, and acting in cooperation with this committee, and later with a building committee, the company built a club house to meet the requirements as outlined by the men themselves. By suggesting that an architect be employed, we were able indirectly to control some freak ideas, but in the end all details were exactly as desired by the club's committee.

"The club organization has been a success from the start and is run entirely by the men, no control of club management being exercised by any company official. We have watched a good many mistakes because of radical members being elected to office, but these mistakes have always righted themselves and the radical members have demonstrated their inability to run things properly. There have been occasional financial troubles, but all these have been valuable lessons."

The same company had a like experience in its logging camp. Shower baths were put up without even consulting the foreman, and they soon fell into disuse. Later the men took the matter up themselves and the company built a bath house which the men look after and use fully.

George Ade put this moral on a *Fable in Slang*:

"If you're going to do any uplifting you've got to get underneath."

Perhaps it fits here.

The Vision of an American Inventor

WHERE DO we go from here?" was the question put forth by the Rubber Growers' Association of Great Britain a year and a half ago. They offered £5,000 prizes for the best suggestions for new uses and increasing present uses of rubber. The results were not satisfactory, but the prizes had to be awarded and here are the leaders:

A prize of £1,000 for the suggestion of using sponge rubber for general upholstery purposes, including the making of mattresses, divisible among 114 competitors.

A prize of £500 for the suggestion of incorporating rubber in liquid form with paint for prevention of wood and metals against the action of the sea, divisible among 5 competitors.

A prize of £500 for the suggestion of the use of rubber in paint for general decorative and preservative purposes, divisible among 9 competitors.

A prize of £500 for the suggestion of the use of rubber for the vallances and mudguards of motor vehicles, divisible among 8 competitors.

There is a bit of pride for Americans in a clause from the judges' report:

It is instructive here to mention that Goodyear, the discoverer of vulcanization, in his work, "Goodyear on Gum Elastic," published in 1855, gives an exhaustive list of possible uses for rubber, and apart from uses arising from modern developments, there is hardly an idea suggested in this competition which is not anticipated by him.

A sixty-five-year-old work that is still ahead of the industry to which it was devoted!

"Something Just as Good—and Better"

A POPULARLY unnoticed legacy of the Great War is the extraordinary development of industrial research. The National Research Council lists 294 American companies which today employ at full time 11,000 pure scientists. One concern, not listed, has 1,200, and its yearly budget reaches the neighborhood of \$10,000,000.

The recent chemical merger was and is inevitable "consolidation of our gains." Chemists of the nation, surveying their handiwork, might well gloat over their silent control of your business and mine. What liberties they take with our factories and our shelves! "Something just as good—and better" is

their slogan. The lowly cotton seed they have sent to bowl over precedents in a score of industries. The lowlier lump of coal in as many more.

Food, power, clothing, shelter—they laugh at our stocks and set about to relegate them to the museum by finding a vitamin to make cheap foods nutritious; by harnessing the sunbeam; by making cotton warm as wool; by destroying rust—that age-old enemy of construction; and dreaming over a thousand retorts, a thousand other innovations as fantastic.

Largely responsible is the industrial scientist for that mystifying inter-relation of business. The seemingly unimportant by-product engages his attention and suddenly a new industry is born, adding its disconcerting factor to the inexorable economic law which governs each and all, and all in all.

When you, secure in your "independent" business, rebel against novel restrictions imposed by far-flung disconnected industries, indict the scientist. He is author of the paraphrase, "No industry is a law unto itself."

Placing the Blame

PUBLIC AUTHORITIES cannot always get off scot-free from the consequences of their negligence. In England there are boards of trustees in charge of harbors. One of these boards failed to remove from the entrance of its harbor the wreck of a vessel sunk by an enemy submarine or did not place proper buoys to indicate the wreck. As a consequence of this negligence, two steamers struck the wreck, to their damage and to the damage of the cargo they carried. They presented over \$2,000,000 in claims against the harbor trustees.

The House of Lords has now decided the trustees must pay.

German Railroad Troubles

GERMAN RAILWAYS have a lot more trouble than their American contemporaries in making ends meet in the face of a depreciating currency. Besides, their traffic has not got back to prewar levels. It is true that the "car-miles" on German roads in 1921 exceeded by 20 per cent those for 1919, but they were nevertheless still 21 per cent under the corresponding figures for 1913.

Squeezing Fish for Gasoline

IT'S HARD to keep pace with the shifting opinions on the future of petroleum. The editorial eye is caught by a headline: "Is a Fuel Stringency Near?" and we read on:

More oil will be discovered in this country, but that the quantity thus made available can replace the failing supply of existing fields, much less keep pace with an ever-increasing demand, is incredible.

The obvious deduction which the automotive industry must face, unpleasant though it may be, is that motor fuel is practically certain to advance rapidly in price in the not distant future.

We had just digested that when another periodical unfolds before us a story of untouched oil resources in Northern Canada that seems sufficient to run all the automobiles in the world forever.

But why worry anyhow? asks another. "Oil wells do go dry; their output decreases with age. Some day some prophet will be able to say 'I told you so.' Long before that day, a hydro-electric power and light, greaseless lubricants from artificial graphite, and other results of the development of human ingenuity will perhaps have robbed the petroleum prophets of all audience."

And if that is not sufficiently reassuring, here's still another gleam of hope. A Japanese scientist says he has made synthetic petroleum out of fish oil and clay.

Insurance Against Speculation

By ALVIN E. DODD

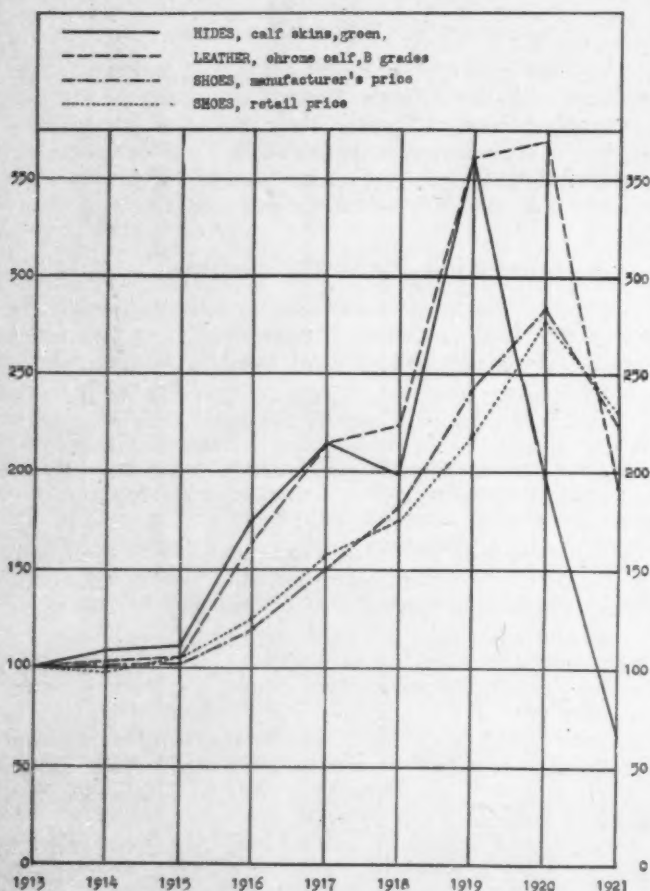
Manager, Domestic Distribution Department, Chamber of Commerce of the United States

IF YOU wonder why a pair of men's shoes which sold at \$4.50 seven years ago cost you \$12 last year, one of the graphs on this page may help you find part at least of the reason. But it will do more than that. It will reveal to you how faithfully raw material, manufactured product, wholesale lots and retail shoes have followed in prices certain inescapable economic laws. The other chart is intended to do the same thing in regard to a suit of men's clothes.

These graphs represent a painstaking inquiry by the Domestic Distribution Department into prices of these two articles of men's wear from 1913 to the present time, carried through the whole process from raw material to the final purchaser. The figures were procured from many different sources. Both graphs, it is clear, reveal the same general rise and fall, and the manner in which they follow one another, especially in the downward trend, would be uncanny if it were not inevitable.

It will be observed that the graph dealing with prices of shoes shows that hides are now below the 1913 prices. This was due in part to the "buyers' strike," because packers continue to kill steers and to accumulate hides while the public declined to purchase the chief article manufactured from them; and in addition, at the conclusion of the World War, South America and Australia released to this country huge shipments which further flooded the market.

As a matter of fact price levels such as



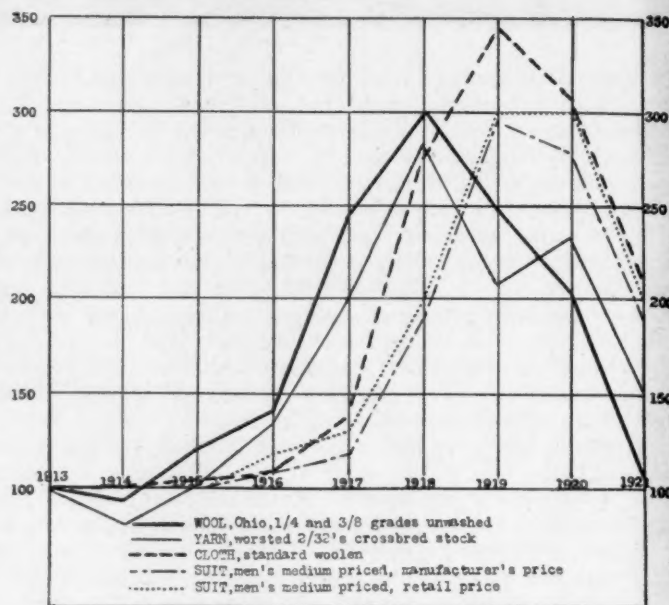
Price movements relating to shoes.

these are not fixed by intention, and cannot be fixed by collusion, so far as experience has shown. They rise and fall with the economic tide. An examination of similar conditions during and after the war of 1812, and again during and after the Civil War, reveals a substantial similarity not only in the height of the rise but in the rate of the fall. Here we have three periods of time, with half-century intervals, each disjointed by the emergency of war and each manifesting in the most remarkable fashion distinctive and similar price phenomena.

No sane man could suppose that these three periods were influenced by the collusion action of any one group or any combination of groups in the business world. We know that one of the most difficult operations for an individual or group to undertake is to corner the market—let us say in wheat. Yet this is mere child's play compared with the effort which would be required in order that wholesalers or retailers should combine successfully to maintain high prices. The graphs do not tell the whole story, of course. They do not reveal the factors which enter into these prices, such as foreign production and demand, the purchasing power of money, the ratio of unemployment, and so on. But they reveal the drag which occurs in each step of the process.

Wages feel the influence of such disturbances later than retail prices; and when the process is reversed after an upward movement the consumer should, theoretically, regain whatever he has lost, because wages feel the downward trend later than prices. This takes no account of rent, which is last to feel an upward trend and last to decline.

The great value of such graphs as these is that they are a beginning toward a knowledge of production and consumption which will enable us ultimately to lop the top off high prices and fill in the depressions. It is not visionary to foretell a time when we will travel economically over a rolling country, at worst, rather than through such crags and peaks as are here depicted.



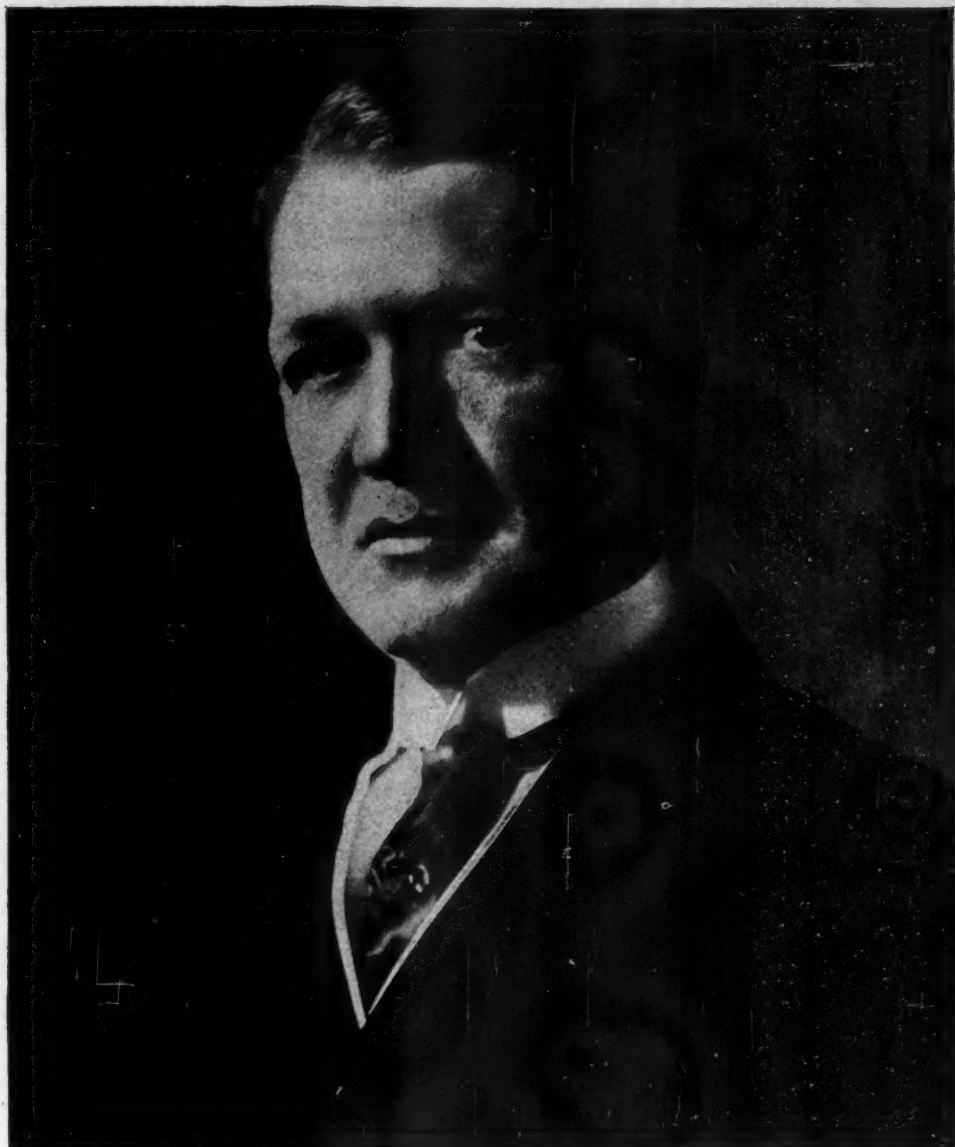
Price movements relating to men's clothing.

A knowledge of business facts (quantities produced, quantities in stock, quantities consumed and the various prices through the succeeding steps of distribution) is as necessary to the uninterrupted prosperity of the United States as is the knowledge to an automobilist that a train is approaching a crossing which he wishes to traverse. Given a knowledge of these factors we shall work out very soon formulas so simple and so certain that any business man will be able to understand them and be guided by them. There is no doubt in my mind and I do not suppose there can be any doubt in your minds that if we had known what the supply of shoes in stock was in the summer of 1919 there would have been no collapse such as took place in the leather and shoe markets. It is the same with regard to wool and its products; it is nearly the same with regard to other materials.

The prices relating to men's suits, based on apparel which sold in 1913 at \$15, are summarized in the following table:

Year	Wool per lb.	Yarn per lb.	Cloth per yd.	Suit	
				Mfrs. price	Retail price
1913.....	\$0.471	\$0.777	\$1.20	\$10.50	\$15.00
1914.....	0.440	0.640	1.20	10.50	15.00
1915.....	0.571	0.780	1.25	10.50	15.00
1916.....	0.680	1.05	1.32	11.50	18.00
1917.....	1.164	1.556	1.67	12.50	20.00
1918.....	1.14	2.109	3.30	20.00	30.00
1919.....	1.189	1.627	4.15	31.00	45.00
1920.....	0.971	1.825	3.70	29.50	45.00
1921.....	0.522	1.173	2.50	20.00	30.00

Always there will be speculation; but speculation is based upon guesses and exact knowledge is its greatest enemy. If the American business man is fortified with knowledge of production and prices you may trust him to guide himself successfully through any conditions he may meet.

**JOHN G. LONSDALE**

PRESIDENT, NATIONAL BANK OF COMMERCE, ST. LOUIS
PRESIDENT, NATIONAL BANK SECTION OF THE AMERICAN BANKERS ASSOCIATION

The complete audit of the commercial borrower's statement by dependable certified public accountants is a form of business insurance that should be encouraged in all lines of industrial and mercantile activity. There has been a marked tendency during the past few years on the part of business men to recognize the value of the complete audit, because they realize that an examination of their records by disinterested and capable certified public accountants eliminates guess work and serves to establish the essential facts of business as they really are. I commend the complete certified public audit as an instrument of great and growing value in the development of American business and the safeguarding of credit.

Published in the interest of better Business

BY ERNST & ERNST

A handwritten signature of John G. Lonsdale in cursive script.

Air Transport for America

By CLIFFORD ALBION TINKER

IT'S A YEAR and a half ago that *THE NATION'S BUSINESS*, making one of its rare plunges into fiction, told the story of the formation of an air transport company to run great dirigibles from coast to coast in less than forty hours.

In another year, if the plans of the men back of a new company do not miscarry, lighter-than-air ships will make their trial trips across country. The company has been incorporated, capital enlisted, patents acquired and preliminary planning completed. So far the fiction of 1920 has become the fact of 1922.

The editorial prediction then was:

While the treatment is fanciful every detail is an accomplished fact or is under experimentation. Most of those that are not facts now will be within five years.

One of the men active in the company's plans is Benedict Crowell, formerly Assistant Secretary of War, head of the American Aviation Mission to Europe and president of the Aero Club of America. Let him tell the company's plans:

"Our aim," said Mr. Crowell, "is to provide rigid airship service to America first, and, as time goes on, link this continent with the rest of the world by aerial routes; a service supplementing existing methods of transportation, one which will traverse space in a minimum of time and supply a means of travel both safe and comfortable.

A Present Day Necessity

AERIAL transportation is just as necessary to present-day civilization as the railroads were to civilization fifty years ago. In no country in the world is this new method of transportation more necessary than in the United States because of its great expanse of territory and its numerous urban centers of large size. The United States can and should lead the world in the rigid airship field."

Mr. Crowell was one of a party of financial men and engineers who spent in Europe much of the spring and summer of 1921. They went to airship factories and stations in Germany, France, England and Italy. They made flights in British ex-German and Italian airships secured data covering manufacturing and operating costs not only of airships but of hangars, mooring masts, landing fields, and terminal facilities. They secured information and engineering data respecting flights over routes in the countries named, passenger accommodations, freight and express handling, fuel and supply statistics, replacement costs, insurance rates, and the laws governing air navigation in Europe.

"At the same time," Mr. Crowell explained, "we were carrying on investigations here in the United States. We looked into the helium question, its cost and probable supply; sources of operating revenue, passenger, freight, express and mail; the most feasible routes over which to start our new service to supplement existing traffic facilities; meteorological data and the effect that our climate will have on a yearly operation schedule; and the thousand and one things which develop into real problems to be surmounted in any undertaking of such wide application."

In their investigations, the representatives

of the corporation had the cooperation and assistance of Dr. Johann Schuette, of the Schuette-Lanz Airship Company of Germany, and corps of his engineers, also various engineers and associates of other airship authorities of Europe. Doctor Schuette had been in America in the spring of 1920 as had officials of the Zeppelin Company, and the information gained from them was of material service in the first formal step, the organization of the American Investigation Corporation.

"We uncovered enough evidence early on our trip to Europe taken with that previously found," said Mr. Crowell, "to convince us all that the time had arrived for action; that certain conditions abroad, if taken advantage of, would place the United States in the lead in the airship industry, perhaps for all time. Political conditions, reduced rates of exchange, post-war reparations, the nonemployment of airship talent, all these were factors in giving airships a setback in Europe. These factors are to our advantage.

On the return of these investigators from Europe, plans were formulated for the organization of General Air Service which starts business with all the accumulated data acquired by the American Investigation Corporation. The latter corporation has acquired various rights for the construction of German rigids throughout the world, secured options on certain equipment vital to the industry, including mooring masts, hangars, terminal apparatus, and plans and specifications for rigid airships of various capacities for long-distance routes.

Dr. Schuette is again in this country. This second visit has made possible the incorporation of General Air Service and made more definite its plans. The first line the company hopes to put into operation will be from New York to Chicago, to be extended to Pacific coast cities as soon as additional ships can be built. The New York-Chicago line will be opened by two ships, each of approximately 4,000,000 cubic feet capacity, these ships to be fabricated in Germany and erected in the United States. They will provide adequate accommodations for 100 passengers and 30 tons of mail and express matter. It is planned to build larger ships for lines to South America and Europe when

the facilities for complete construction have been gathered in America.

The men who look so confidently forward to a commercial airship service that shall supplement our land and waterways are hopeful not only of sympathy, but of active support from the authorities, both of the Army and Navy. They believe that the Government will permit the use either of the Navy hangar at Lakehurst or the one at the Cape May Naval Air Station and the Army hangar at Scott Field near Chicago so that ships of the new company may be erected while its own housing and terminal facilities are under construction.

Mr. Crowell points out that the General Air Service ships would be available for training dirigible personnel in peace time and immediately serviceable as auxiliary ships in time of war.

Their hope of federal cooperation does not stop with that. They feel that a contract, mutually advantageous, might be made with the Government, permitting these still unborn dirigibles to be filled with helium. They hold out the suggestion that their ships would be in effect great storage vessels for helium now going to waste or not in use and that their experiments in handling the gas would be of direct service to the Government. The record flight of the helium-filled Navy blimp, the C-7, was added proof of the part this non-inflammable gas is likely to play in the future of air navigation.

But let Mr. Crowell justify this project which, fantastic as it sounded when *THE NATION'S BUSINESS* first told it as fiction, has yet enlisted the support of men of business.

"The unit of life today is *time* not *distance*. Therefore the vehicle employed in reducing the time required to cover a given distance is of immense importance to the business world. That is where the airship comes in. It is essentially a long-distance craft, and that is why we will have no competition on long-distance traffic—airships are distinctly in a class by themselves. The running time of General Air Service liners will be ten hours from New York to Chicago and only forty hours from New York to the Pacific coast. Think what this means to business dealing in express shipments where time is a factor."

Who are the men who have pledged the help of time and money to this General Air Service? We have named one or two. Besides Mr. Crowell, Owen D. Young, vice-president of the General Electric Company; J. Reading Bertron and Snowden A. Fahnestock, of Bertron, Griscom & Co., have been actively interested almost from the beginning. The names of R. B. Mellon, Marshall Field, Franklin Roosevelt, E. M. Herr, president of the Westinghouse Electric and Manufacturing Company; Arthur V. Davis, of the Aluminum Company of America; Samuel McRoberts, president, Metropolitan Trust Co., Wm. B. Joyce, president, National Surety Co.,—these are taken at random from the list of subscribers to the American Investigation Corporation, and who are actively interesting in the operating company.

But after all this is not the story of a commercial enterprise, it is the story of an idea—an idea which saw light in this magazine nineteen months ago and which has taken one step towards reality.

DURING the war the writer of this story was a lieutenant in the United States Navy and acting Chief Engineer of Naval Aviation in Europe. He was on Admiral Sim's staff. Returning to the Navy Department he was with Operations Aviation and with the Bureau of Aeronautics. On the unfortunate attempt to bring the ZR2 to this country he escaped the disaster because a mission to the British Air Ministry kept him from making the trial trip.

It was Lieutenant Tinker who wrote for us the story "Transportation's Fourth Estate."

THE EDITOR

Hotels Statler

Buffalo - Cleveland - Detroit - St. Louis

A new Hotel Statler (1100 rooms, 1100 baths) is now building at Buffalo—to open in the spring of 1923; 500 more rooms will be added later.



The Headwaiter and His Captains are There to Help You

By E. M. STATLER

THE headwaiter in any Statler dining room is your host. He is there to see that your way is made easy, that you are well served, that you are *entirely satisfied*, both with what is brought you and the way it is put before you.

Working with him, and sharing his responsibility, are his "Captains"—his assistants—who have the same relation to the headwaiter as assistant managers have to a manager.

If you should ever, in any of our restaurants, have cause for dissatisfaction or annoyance, ask for a captain or headwaiter. Whether it is a question of service, or of the food brought you, you will get immediate action and satisfaction.

Our headwaiters are authorized to see that you are not charged for food which you find unsatisfactory as to quality, portion or price. We want no money for a dish that does not please you.

So if you have been thinking of a headwaiter as purely ornamental, just there to show you to a table, get the habit of remembering that he can be useful to you. And perhaps you would like to see some of the formal instructions by which these headwaiters and captains are governed in all the Statler-operated hotels.

Instructions to Headwaiters and Captains in the Statler-operated hotels

"ALWAYS remember that it is you whom we hold responsible for the satisfaction or dissatisfaction of our guests in your dining rooms.

"Remember that anything which is not right—and the guest is always the judge—must be made right as soon as your attention is called to it.

"Remember that courtesy and deference and helpfulness are indispensable qualities in every transaction in these hotels. This applies primarily to contact with guests, but no less forcibly to your relations with your fellow-employees.

"Always greet your guests—and pleasantly, not stiffly—as they enter your dining room. Don't be over-cordial; but be sure to be pleasant.

"Watch every table, and thus make it easy for any guest who wants you to get your attention. Nothing is more provoking to a diner than to try repeatedly

to catch your eye, and never find you looking at his table. A guest should always be able to get the eye of a captain or the headwaiter *instantly*; when he can't, that is your fault.

"Don't hurry the diner who wants to be leisurely; don't let anything delay the guest who wants fast service. And don't argue—*don't ever argue*—remembering particularly the paragraph of The Statler Service Codes which says that 'In all minor discussions between Statler employees and Statler guests, the employee is *dead wrong*, from the guest's standpoint and from ours.'

"What we are striving for, and what you must strive for, is to have the public *better served and better pleased* in our dining rooms than in any other. That is one way to steadily-increasing business in our restaurants—which is one way in which your job can become a better job."

Emory

Hotel Pennsylvania

Opp. Pennsylvania Terminal, New York, *The Largest Hotel in the World*

Business Is Hibernating; Quiet Times Will Continue Until the Spring Thaw Comes

BY ARCHER WALL DOUGLAS

IF IT WAS your fortune, as it was mine, to travel from the endless prairies of the Great Plains states to the financial capitals of the East, all within the space of a week, you would be struck by the truth of Kipling's observation that "East is East and West is West."

On the other hand a financial atmosphere, tense with world-wide problems, great constructive plans, and fraught with all manner of hopes, and doubts, and fears; and, on the other, the short and simple annals of the countryside, where similar great

and class legislation, all in the specious guise of being for the general good. Nor need we be greatly concerned by any such divergences on the farmers' part, should they occur, in view of the prevailing sane, sober sense of the man next to the soil, and

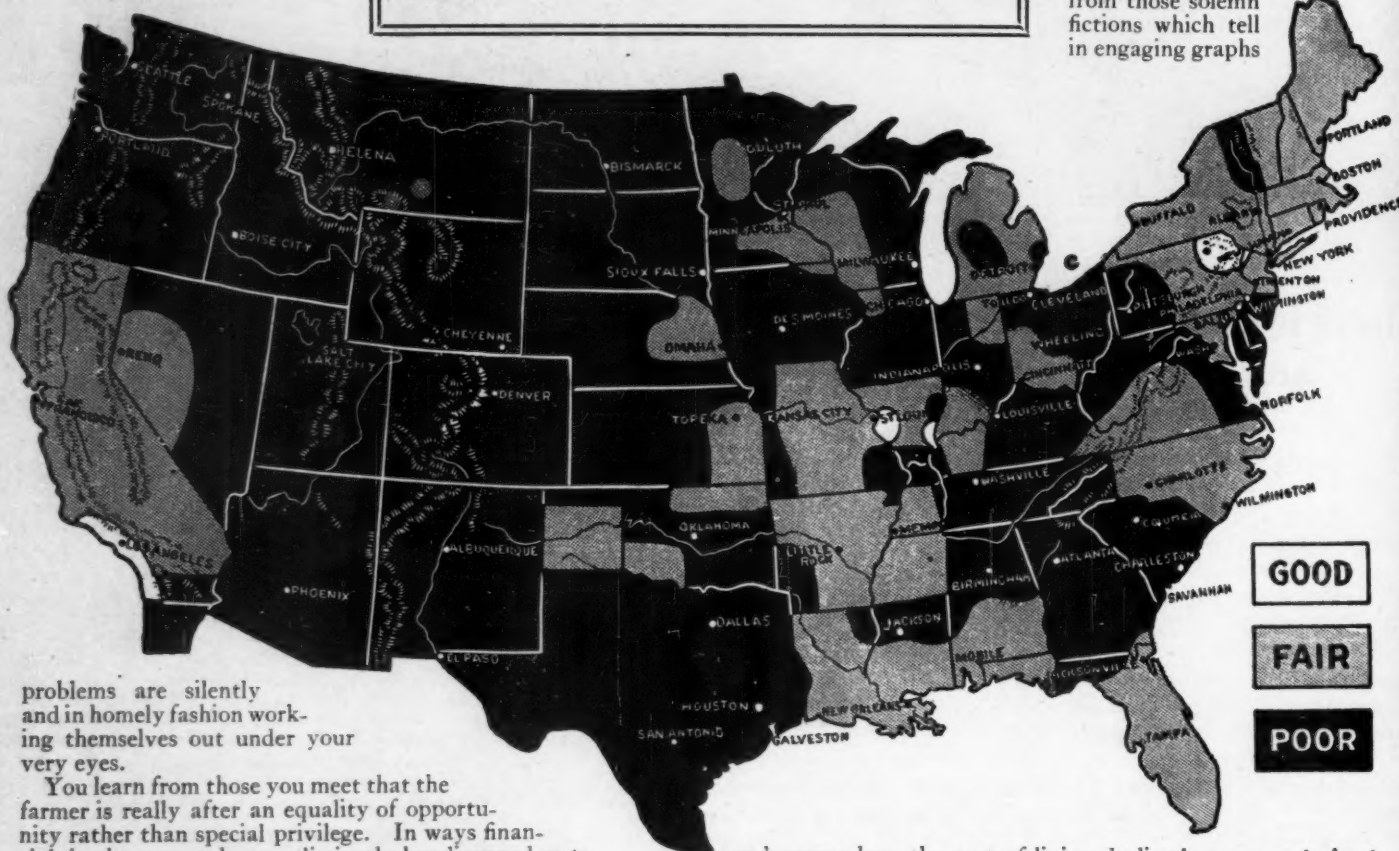
the popular sensitiveness against class privileges for any set of men. It is truly the case today that the things that the farmers' movements are most concerned in are the very things that will soonest bring us back to better conditions.

One also learns what wrong conceptions we get from those solemn fictions which tell in engaging graphs

Business Conditions, February 15, 1922

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



problems are silently and in homely fashion working themselves out under your very eyes.

You learn from those you meet that the farmer is really after an equality of opportunity rather than special privilege. In ways financial, in times past, he was distinctly handicapped as to borrowing money, rather by circumstances than from the fault of anyone in particular. Likewise, in far-away and remote sections or in districts off the railroad, he suffered from lack of adequate and economical transportation whereby to market his products. Want of educational facilities and opportunities was the worst of all. Often one-room school-houses, with scant equipment, educational or sanitary, poorly paid teachers, children walking miles to school through snow and ice and mud. The high school usually a long way off in some large town. Country roads that were clouds of dust in summer, and impassable in winter. Such too often was the story, and those who stuck to the farm, under such circumstances, did so because they could not get away, or because they loved nature rather than the ease, comfort and social life of the city.

So now that there are many good roads, and many more buildings, better transportation, more equitable division of the state's money for education, and constantly easier and more accessible borrowing facilities, naturally the farmer is doing all he can to improve his condition; if, perchance, he should "slop over" somewhat in seeking class privileges, we need not wonder since we set him the example in ways political by special tariff,

and curves how the cost of living declined so many decimal points in the past month, and yet the "average price" received by the producer of farm commodities advanced so many decimal points during the same thirty days. Here is something I ran across to illustrate what these same statistics fail to record in many thousand instances. A farmer had some corn to sell but could find no local demand at 25 cents a bushel or less, for all the farmers around were in the same predicament as himself, having raised more corn than they could sell or had livestock to feed to. The nearest market of any consequence was a large city some 170 miles away. The freight and commission and other charges to this city summed up about 15 cents a bushel for all expenses on the corn if shipped in carload lots. Also the farmer was off the railroad some little distance. On this basis he could get 33 cents per bushel for his corn, from which was further to be deducted the cost of shucking and hauling the 800 to 900 bushels, necessary to make up the car, to the railroad station. If, however, he had to ship in less than car lots, which is not usually done, the increase in freight rates would be so great that after all shipping and other charges were paid he would have gotten 8 cents per bushel net for his corn. The farther away the farmer is from a railroad or from a market where he can find a



THE LIVING YESTERDAY

"SOLDIERS," said Napoleon, "from the summit of yonder pyramids forty centuries behold you!"

There is a familiar witticism which says that tomorrow never comes. It is more truthful, if less witty, to say that yesterday never dies. Napoleon failed in Egypt because he could not conquer the past.

Hovering over today is the living spirit of a million yesterdays. Heredity in history is as easily traceable as heredity in character. We may forget the past, but it does not forget us. These truths operate from day to day and year to year in business with the same sureness that they manifest from century to century in history.

The war has left us, but it has not forgotten us. In many industries its effects are still distressing. How much of this distress might have been avoided, is a matter for thought. This is certain: many a dollar was lightly spent and many a policy lightly adopted, because things came so easily; many a market

was ignored and its trade connections neglected because they were not needed; many an advertising campaign was successful because it met no real test.

How many business executives there are who wish they might go back to do again and do differently the things that were done in that period! For business has had a demonstration, the like of which it never had before, of the ancient truth that the past lives in the present, that the time to think of today was yesterday.

And what of tomorrow? Now, if ever, business must remember that in a little while today will pass into the living yesterdays, and the things that are done now will assert themselves for good or ill. There is no place for superficiality in the making of policies; *experienced* ingenuity must be employed on markets and trade connections; and associates in production, selling and advertising must be chosen for their *proved* ability.

Tomorrow will be the product of today—the harvest of the future is the seed of the present.



N. W. AYER & SON, ADVERTISING HEADQUARTERS

NEW YORK

BOSTON

PHILADELPHIA

CLEVELAND

CHICAGO

sale for his products, the more the prices he gets for his commodities remind you of the attraction of gravitation which decreases inversely as the square of the distance, and of the limited resemblance they bear to those gravely quoted as the "average" figures that the agriculturist receives for his products.

The Outlook

WINTER WHEAT sections in the west and southwest are having rain at this writing, but it comes too late to repair some of the harm already done, or to seed the already abandoned acreage.

The general volume of business still hangs on hand to mouth buying, for futures find slow sale. Yet the sentiment of the many is not discouraged as it has already discounted the quiet of times that await us till spring opens. Cotton, with its usual contrariness, went down in price when everyone expected it to go up, but the grains are showing sustained strength,

which is disconcerting to those speculators who prophesied lower figures as the result of so seriously reducing speculative activity in futures.

Lumber is waiting patiently for reductions in freight, and for that increased building in the coming spring, which all the factors in construction are gradually tending to make a certainty. The shoe industry continues to hold its own, especially in the production of less expensive types. Wage adjustments are helping the situation in the New England district.

Textiles are doing well on the whole, more especially when compared with some other industries, say iron and steel manufactures, which are still but partly employed. There is a little more activity in lead and zinc mining, but the Banquo's ghost which hangs over the situation and will not down, is the still large surplus above ground in this country, and across the water, especially in Australia. This

is another phase of the irony of the prevailing economic situation, that our chief trouble lies in too much actual wealth on hand for which we are unable to find demand. More hopeful matters in copper are reflected in somewhat higher prices and rather increased activity in mining in the southwest and northwest. Also, stocks on hand showed appreciable reduction during the past twelve months.

Despite much cold weather in northern latitudes, coal mining is in a parlous state, with a much reduced output in the bituminous field, with spring coming on, and no great industrial revival yet in sight. Prices of oil are on again, off again, after the fashion of the immortal Finnigan. Some increased production resulted in small price declines. But no one doubts what the future holds for those who can hold on and can play a long range game that is an immortal cinch. It is no place, however, for the piker. Just now the Mexia, Texas, field has the lead.

Nation's Business Observatory

WHAT GOOD did the recent agricultural conference do? Has it strengthened the hands of the agricultural bloc? Was it merely a political move which led to nothing? These are some questions the farm press is asking and answering. Let us start off with a pessimistic view from *The Iowa Homestead*, whose publisher, Dante M. Pierce, was an onlooker:

In my opinion, the agricultural conference started nowhere and got nowhere. To begin with, it was not the conference of "dirt farmers" which the public had been led to believe it would be. Real honest-to-goodness farmers, who earn their living by the sweat of their brow, under harvest suns, were conspicuous by their absence. The list of delegates was confined mainly to representatives of a few farmer organizations (with the American Farm Bureau Federation so predominating that the conference, at times, took on the appearance of a farm bureau convention); state agricultural college professors and presidents; representatives of various boards of trade; editors and publishers of farm papers who, for the most part, have supinely followed administration policies, no matter of what politics for so many years past that the mind of man runneth not to the contrary; representatives of immense corporations among the most heavily capitalized in the country; and department of agriculture bureaucrats and underlings whose long residence in Washington has thoroughly impregnated them with the office-holding germ. I looked in vain for the horny-handed sons of toil in whose interests the conference was supposed to be called.

Wallace's Farmer (one of whose editors is on leave of absence as Secretary of Agriculture) sees "agricultural influence tremendously strengthened":

Perhaps the best thing about the conference is that it showed a determination to stick to discussions of fundamental agricultural policies and not to be misled by irrelevant arguments. A few extremists present, whose concern was for union labor rather than for the farmer, were quickly squelched. Samuel Gompers, president of the American Federation of Labor, discredited himself by saying that he had been told by some farmers that last year was the most prosperous for some time.

The conclusions of the conference should be given particular weight because of the extent to which the meeting was dominated by "dirt" farmers. Of the 336 delegates, 202 were farmers. Of the rest, over half were agricultural

officials, farm paper editors, and others in close sympathy with farm aspirations. The balance of the membership was made up of representatives of industries closely related to agriculture.

A shorter, perhaps a better idea of the result is this brief sentence from *The National Stockman and Farmer*:

The value of the conference lies more in the recognition it brought to agriculture as a prime factor in our nation's business than in its recommendations.

One more farmer view, this time Clarence Poe writing in *The Progressive Farmer* on the conference and the bloc:

In spite of President Harding's slighting reference to this "agricultural bloc," it was evident from the beginning that farmers in this conference were strong for the "bloc." Perhaps the wildest enthusiasm of the whole meeting was reached when Wm. J. Bryan declared:

"I have been in politics twenty-five years, and I know that in all this time there has been a 'Wall Street bloc' in Congress, and a 'big business bloc' in Congress, with members of both parties in it just as there are in this agricultural bloc. The only difference between them and it is that it works in the open and they work in secret!"

One member, in fact, declared to the conference that one of the imperative needs today is not only for a "farmer bloc" in Congress, but also for "a farmers' bloc" in every state legislature—and he was cheered.

What does other business think of the farmer's demand for greater recognition in legislation? Here's a thoughtful opinion from an eastern financial authority, *The Chronicle*, which says:

Two inferences, we think, are justified concerning this conference. First, there is an overwhelming appeal to legislation for relief. Second, the very multiplicity of recommendations proves the fact that agriculture does not stand alone, is an integral part of industry, and that all our activities as a people are inextricably interwoven. The "program" here indicated would tax the acumen and labor of Congress for many years to come, if such process could be deemed effective. There are unmistakable evidences of selfishness, for special immunities and privileges are sought. The influence of "labor" is plainly indicated

in a refusal to ask for the direct repeal of the eight-hour law, though the farmer knows that he cannot suffer himself to be bound by it, since his own work is peculiarly seasonable and the influence of the law on the labor he employs is distinctly to his general disadvantage. And lastly, many of the general recommendations concern great internal improvements which, though admittedly in his interest, are well known, are colossal undertakings, requiring years and billions to complete.

"Honest Inflation Alone Can Rescue Agriculture" is the headline cry of the *Manufacturers' Record*, which blames the Federal Reserve Board for most of our evils. The *Record* is inclined to think the farm bloc not an unmitigated evil, saying:

If the conference was intended to split the agricultural bloc it proved to be a boomerang. For the one thing the conference did prove beyond all question was the bloc was an absolute necessity and that through its activities alone had the Government been brought to any appreciation of the lamentable status of agriculture. This country has been without a national agrarian policy for more than half a century. It could hope to get one only through political activity. Indeed, the one hope that rises above the general ruin springs from the fact that the devastation has compelled the country to look the truth in the face, and, seeing the truth, the nation must of necessity evolve an agricultural policy which will permit the rehabilitation of that basic industry and save our farms from the calamity of serfdom.

The *American Metal Market* cannot see that the farmers' problem is peculiarly their own. "What of the steel men?" it asks, and then answers its own question:

The position of the farmer is that prices of what he sells have been deflated while prices of what he buys have not been. The farmer objects to his market being so much below other markets.

The steel producers are in just that position. Their selling prices have gone down and down until they are but little above pre-war levels while what the steel producers buy are still high. Their wage rates are about 50 per cent above the pre-war level, while their freight rates and taxes are about double.

The steel mills are not only in the same boat with the farmers, but if the expression may be permitted they are still more in it. The farmer complains simply that what he buys remains high priced while what he sells is

low priced. The steel mill is worse off than that. What it sells is low priced and what it buys is high priced, and then on top of that the steel mills' customers cannot afford to buy.

Coal Strike More Certain;

Will the Rail Men Quit?

THE NATION'S BUSINESS in January and February of this year devoted two articles to pending problems of the coal industry. One thing discussed was the likelihood of a strike on April 1 and of the conditions which made the strike possible.

Every development since then had looked strikewards. Secretary Hoover has declared one inevitable; the anthracite men have asked higher wages; the bituminous workers have declared for a strike if the present scale be not maintained, and John Lewis, the head of the Mine Workers, has made overtures to the railroad men for a joint strike. On this point *Coal Age* says:

John L. Lewis, seeing that he is about to meet opposition from the operators and the public and to face further desertion by thousands in the ranks of his followers, turns in despair to the railroad men. He has sent invitations to the officers of sixteen major organizations of railroad employees asking them to confer with him on the wage controversy, and he has received enough acceptances to feel hopeful that some such conference as he has requested will be arranged. Perhaps out of it will come a strike of railroaders and mine workers such as will bring all business to a standstill. Assuming that it comes about, it might conceivably bring victory—but the most barren and bitter of all victories.

During the past year Mr. Lewis has kept union wages in the coal fields up to the highest level attained since the war. Never in the history of mine labor have men received more for a day's work. If that is enough to constitute victory, no one has been more victorious than Mr. Lewis. Unfortunately, the high wage scales have kept the union mine workers idle except in the anthracite field, and the number of union men in the industry during the past year has been continually growing less. The union has become weaker than ever, for idle men, however devoted, can pay no dues. As none of the contracts now being arranged for the new coal year is going to the union fields and as railroads are arranging to buy coal mined not adjacent to their own tracks but contiguous to those of others, it would seem that victory in 1922 would be even more Pyrrhic than in 1921.

Mr. Lewis cannot look to the unionizing of the non-union mines, with a consequent removal of their unequal competition. He can only expect the number of non-union plants to grow and the area they cover to spread if he wins a wage scale such as he is seeking. If all he gains by his appeal to the railroad unions is such a paper scale as gives the form and withholds the substance, he surely cannot mistake what he attains as being victory.

It is clear—is it not?—that what he wants is something that will raise non-union wages to the level of present union wages. This cannot be obtained by any other means than some form of national control of mines, ranging from a federal wage board up to complete federal ownership, such as the committee on nationalization under Chairman John Brophy advocates.

This is what he will propose, it would seem, to the officials of the railroad unions, with whom he hopes soon to be in conference.

The Black Diamond also suspects Mr. Lewis of a motive that does not appear on the surface:

It is probable, however, that Mr. Lewis' latest move has a deeper significance than that of merely augmenting the forces to be marshaled against an attempt by the coal op-

PACIFIC COAST WATER POWER

EVERY IMPORTANT CITY
ON THE PACIFIC COAST
FROM CANADA TO THE
MEXICAN BORDER NOW
RECEIVES POWER FROM
ONE OR MORE HYDRO-
ELECTRIC DEVELOPMENTS
DESIGNED AND BUILT BY
STONE & WEBSTER INC.

STONE & WEBSTER

INCORPORATED



BOSTON, 147 Milk Street
CHICAGO, 38 S. Dearborn Street
SAN FRANCISCO, Holbrook Bldg.

NEW YORK, 120 Broadway
CLEVELAND, Leader News Bldg.
PITTSBURGH, Union Arcade

Caught in a Cylinder

—the strength to move from
5 to 500 gallons of fluid or
semi-fluid in one minute—
that's what you get in

BLACKMER ROTARY PUMPS

What is your liquid pump-
ing problem? Oil, milk,
soap, paint, varnish, catsup,
ammonia—or what?

Have you ever considered
the Blackmer unit as a
solution? For twenty years
we have been building
superior pumps for such
concerns as

The Standard Oil Company of Indiana
The Procter & Gamble Company
The Ford Motor Company
The Blue Valley Creamery Company
The Packard Motor Company
The Acme White Lead and Color Works
Ohio State University

Blackmer pumping units are
daily giving a service of maxi-
mum speed and economy. Why
not your plant as well?

A Blackmer survey in your plant
may discover new ways for
pump efficiency or stop some
leak in profits. We offer expert
analyses to responsible concerns
—those requiring correct advice
on their pumping problems.

A Blackmer survey incurs no expense
or obligation on your part.

Ask us for detailed informa-
tion, literature, and pump facts.

Write our nearest office

BLACKMER ROTARY PUMP CO.
Potoskey, Michigan

District offices at

Chicago	Pittsburgh	New York
San Francisco	Philadelphia	Houston
Minneapolis	Detroit	Kansas City
	Buffalo	

Blackmer rotary pumps are in de-
mand because of their simplicity
and economy—no springs, no ad-
justments, nothing to work loose,
automatically adjusted to wear,
easily taken apart and assembled

erators to reduce wages. Mr. Lewis knows that the United States Government is jealous of its mail trains and that if, through such an alliance, he can bring about a threatened or actual rail workers' strike, the chances for government interference would be greatly increased. Experience has taught Mr. Lewis that government interference has in the past proved beneficial to the mine workers—at least apparently beneficial.

We say "apparently" because it is to be doubted whether on the whole the members of the United Mine Workers of America profited through the wage increase which the government commission gave them incident to the strike of November, 1919. The effect of that increase was far reaching, making it impossible for coal to recede in price at a time when lower-priced coal was essential if industrial recovery was to be hastened. The result, as has often been said, was a curtailment of coal production and a lessening of the actual wage earned by union miners.

In the activity of Secretary Hoover the *Coal Trade Journal* scents an effort still further to increase the Government's share in the industry. According to the *Journal*:

If, however, the idea back of the conferences held at the suggestion of the Secretary of Commerce is to pave the way for government intervention and government arbitration of questions at issue between the operators and their employees, the movement is to be condemned. For nearly a year now both the operators and the representatives of the United Mine Workers of America have been circling around the edges of the wage problem. The problem cannot be settled until the parties to the wage agreement face the facts of the situation in a final showdown. If the threat or promise of government wage-fixing lurks in the background, neither the producers nor the miners can enter into negotiations with a real determination to see the thing through to a proper conclusion. Both sides will be sparring to work themselves into an advantageous position for the presentation of their case to the government tribunal, and both sides will look upon the findings of any such tribunal as a postponement instead of a decision.

We are not unmindful of the public stake in the coal labor problem. But the public has ways of making itself felt without recourse to extra-legal tribunals. Until we reach that stage of development where we have compulsory arbitration of industrial disputes, with power to enforce obedience to such awards, government intervention retards, rather than helps, the solution of labor questions in basic industries. Therefore we are constrained to say "go slow" on labor parleys under government auspices. If public interest demands it, we shall not hesitate to add: "Hands off!"

Are Our Billions in Gold a Menace to Our Prosperity?

THE CONTROL by this Government of so large a part of the world's gold supply as it now has gravely concerns the economic experts of Europe.

The *Daily Telegraph* of London thus summarizes a speech made by Sir George Lawson Johnston at a meeting of the Ashanti Goldfields Corporation, held in London on December 20, 1921:

Sir George said that when he was in North America recently he was surprised at the number of bankers and business men who regarded the hoarding of over \$4,000,000,000 worth of gold in the United States of America as something of a nuisance. They considered that 100 per cent of gold against notes was a superfluity. Yet every month more gold went from Europe to swell that hoard. Owing to high working costs, even today's price for gold, say, 99 shillings per fine ounce, would close down many mines. Unless a full flow of new gold could be maintained, not only to make good wastage,

but also assist towards gold reserves, it would be a serious matter for Europe. The situation warranted unusual measures, and he suggested for dealing with the output during the next few years till the cost of production came down, that the African gold production that now came to London and was usually sold to America should be dealt with as follows:

Germany would pay for four-fifths of the gold at a fixed premium of 25 per cent above its par value; three-fifths of the gold would then go to France and Belgium in payment of reparation claims, and would count against such claims at 25 per cent above gold's par value; one-fifth of the gold would go to Germany to remain there with a view to eventually building up a reserve against their own currency. The one-fifth that remained would be taken at par by the British Treasury and added to the £18,500,000 coin and bullion that stand against our Treasury note issue. Gold from other producing countries could be dealt with in the same way, if such countries agreed, and in each case the country of origin would be allowed to retain one-fifth of the gold at par. Under this scheme the amount that Germany would have to find would be small compared with the total reparation amounts as at present fixed.

More Than We Need

A WRITER in *The Annalist* sees this danger to the United States in its excessive gold holdings:

Looking at it from a strictly American point of view, it has been estimated that we have fully \$1,000,000,000 more gold than is necessary as a basis for a sound credit currency structure adequate to finance, on economically sound price levels, the volume of real business required by the nation's commercial and industrial life. The presence of this billion-dollar excess of gold is a continual temptation for cheap money, for currency expansion, and for credit inflation, leading to an artificial boom and, finally, to an ever greater business collapse than the nation recently passed through. Business men see an era of business expansion and prosperity ahead, but they want it to be built out of real business materials and on economic lines. They do not want another structure of inflation erected on this wholly abnormal gold basis.

Some weeks ago the *Engineering and Mining Journal* told a story of available gold supply which may or may not be illustrative.

The editor described his arrival at Silver Peak, Nevada, an ancient and deserted mining town. The half-dozen residents had food and whiskey in plenty, but a strange gloom hung over the community.

We inquired the cause—asked the reason for the funeral. At last we found out. One of the old-timers told us without humor, but with pathos and a justly wounded spirit. He informed us that there had been, for some months past, almost exactly \$300 in money in that town. They had their supply of grub and had not had occasion to buy any supplies for a long time. But they had their social life—they talked, they drank, they played poker. Especially poker. Sometimes one man had the \$300, sometimes another; but always, Desert Bill observed, there was a chance of getting it back, and the game went on. The proprietor got some of it for drinks, but he lost it again to one of the boys. All went happily for weeks in this little sequestered remnant of life, as Desert Bill gave me to understand, till one day a feller hove in sight and said he was out to work some mining claims. And he played poker with the rest.

It wasn't, said Bill, that he didn't play a straight game, but the fact is that he had left very early in the morning after he had won the \$300. God knows he was welcome to the three hundred, which they didn't need, and he had won fair; but they had their

occupation removed and couldn't go on playing poker. Their whole joyous life was past; wherefore, if they caught that mean skunk they'd surely take a shot at him. And with hopeless sighs the boys hunched into their chairs and relapsed against the wall.

When we consider the unpopularity of America among the European nations at this time, we think of Desert Bill at Silver Peak in 1899, and we understand. It isn't that she did not get the world's gold in a fair game, but she has taken the pot and gone home with it; and they sit around with no gold to get in on the game with; and if they should get a chance at the United States they "shore" would get even.

Two Views of the Saving to Railroads from New Rules

THE IRON and steel producers are before the Interstate Commerce Commission asking relief from the 40 per cent increase in freight rates put on in August, 1920.

Some of their arguments find no favor with the railroads. For example, the *Iron Age* says:

Every new financial statement concerning a steel company differs from its predecessors only in showing that as time passes the losses are greater. The annual meeting of an Ohio company showed that on an output of 203,000 tons of steel in 1921 the loss was nearly \$4,000,000, which figures out roundly \$20 to the ton.

In contrast, current railroad profits, approaching 4 per cent on appraised property values, are enviable, and the contrast in the two industries is further emphasized in their outlook. As Chairman Topping put it in his statement at Washington on Saturday, "With railroad operating cost steadily tending downward (November reports show a reduction of 25 per cent), the earning prospects of the railroads are at least encouraging, whereas the iron and steel outlook is the most discouraging that ever confronted us, not only because of the subnormal demand and prices which now obtain, but because of the impracticability of effecting further cost reductions without railroad cooperation." The process of railroad cost reduction, on the other hand is but well begun. The changes in shop rules made by the Railroad Labor Board in December will produce savings that have been put at \$80,000,000 per year. And now a decision of the same board, effective February 1, establishing new rules for clerks, freight handlers and station agents will add economies computed at \$50,000,000 per year "under normal traffic conditions."

It is that last statement which the railroads challenge. On that point John G. Walber, executive secretary of the Bureau of Information of Eastern Railroads, says:

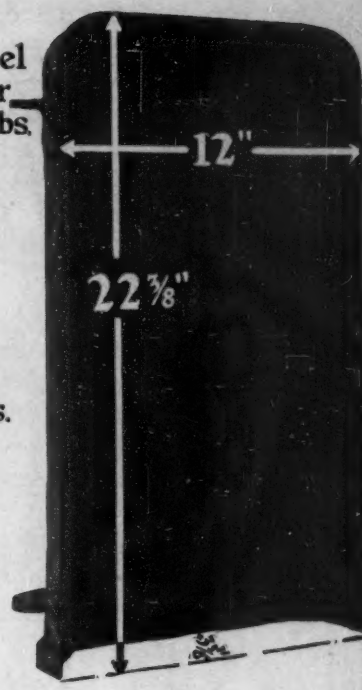
When the Railroad Administration entered into the so-called National Agreement, December 16, 1919, covering Maintenance of Way Department employees, of whom there are approximately 378,000, and, effective January 1, 1920, with the clerical forces and common labor in freight houses, store rooms, etc., of whom there are approximately 230,000, they estimated that the total increased labor cost would be \$25,000,000. The Director General repeated that estimate when testifying before the Appropriation Committee of Congress, in April, 1920.

It is palpably absurd to estimate that a revision of only a portion of the rules, applying to less than 38 per cent of the employees covered by the \$25,000,000 estimate, should result in saving double the amount of the increases attributed to all the changes in both departments.

It is a curious coincidence that the estimated saving of \$50,000,000 names the same amount as was named in a similar dispatch some time ago announcing a previous revision of the shopmen's rules. Upon inquiry it developed in that case that the estimate had not been authorized by the Labor Board.



Pressed Steel
Pump Door
Weight 6 1/2 lbs.

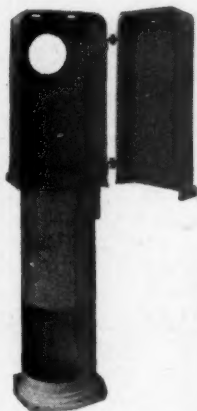


Cast Iron
Pump Door
Weight 28 1/2 lbs.

"Two Blades of Grass"

IT is the duty of our Engineering Department and the job of pressed steel, figuratively speaking, "To make two blades of grass grow where one grew before."

In the case of the pressed steel door developed for The Wayne Tank and Pump Company, that is illustrated above, this endeavor was doubled—four pressed steel doors were made from the same weight of material that formerly went into one cast door. Pressed steel not only saved material, but produced a stronger part that is not liable to breakage from accidental bumps; is easier to ship and easier to install.



This pressed steel pump assembly consists of four separate pressed steel parts. A total saving of 62% in weight was realized on the assembly as compared with the castings formerly used, which resulted in corresponding savings in freight charges and production costs and at the same time produced an assembly less liable to breakage.

Get the complete story of this interesting redevelopment

This pressed steel door is but one part of an entire assembly of four cast parts redeveloped into pressed steel for The Wayne Tank & Pump Company, on which the total saving in weight exceeded 62%. The complete story is told in an interesting, illustrated folder, a copy of which will be sent on request.

Let us help you

This example is just typical of the savings we are constantly making for manufacturers in all lines of business by replacing cast parts with lighter, less expensive and usually stronger pressed steel parts.

Our Engineering Department is prepared to study your requirements if you will send us a sample or blue print of any cast part you are now using. We are equipped to produce pressed steel parts weighing from a few ounces to 200 pounds.

"Press it from Steel Instead"

YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER

AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TOOL & WEIGHT BOXES • SEATS LEVER LATCHES • FURROW & GONG WHEELS HARROW/TOOTH CLAMPS • CULTIVATOR SHEETS LAND ROLLER HEADS	RADIATOR SHELLS • GRANK CASES HOUSING COVERS • BRAKE DRUMS CLUTCH DISCS • STEP HANGERS HUB FLANGES	LIFT TRUCK PLATFORMS • TANK HEADS INDUSTRIAL CAR WHEELS • WHEEL DISCS HATCH CLEATS • BARREL HEADS COMPOUND BOXES	MACHINE GUARD & FACTORY PARTITION MATERIAL COLD FORMED CHANNELS & ANGLES BOTH HEAVY & LIGHT YOUNGSTOWN G-PARKER CORNER BEAD EXPANDED METAL MAHONING, ZEE & IDEAL METAL LATH

THE YOUNGSTOWN PRESSED STEEL COMPANY

Youngstown
REG. U.S. PAT. OFF. PRODUCTS

MAIN OFFICE AND FACTORIES
WARREN, OHIO

DISTRICT OFFICES
New York—50 East 42nd Street
Chicago—220 South State Street

ARE YOUR STEPS AND FLOORS SLIP-PROOF?



Make Steps Safe For the Careless Foot

ISN'T the responsibility usually placed with the owner of the steps—not the foot that slips? Steps can be made slip-proof, permanently slip-proof—any kind of construction—with

ALUNDUM SAFETY TILE

It remains slip-proof always—even the nose does not wear smooth. There are no grooves, corrugations nor depressions—the foot can't slip on it, nor trip on it.

It is solving one of the architects' big problems—in schoolhouses, theaters, hotels, subway and railroad stations and in industrial plants. It is being used on stairs, ramps, building entrances, elevator landings and wherever a slip-proof surface is desirable.

Alundum abrasive has had years of severe service tests in the metal industries against steel and other metals; it has no fear of shoe leather. It is economical because of its long life. The first cost is the only cost.

We have a book illustrating many applications which contains interesting data for architects. Send for it. Tell your architect about it.

NORTON COMPANY

Worcester, Massachusetts

Chicago
11 N. Jefferson Street

New York
151 Chambers Street

Detroit
233 W. Congress Street

Log of Organized Business

Chamber's Coal Bureau

CREATION of a Coal Bureau is announced by the Natural Resources Production Department of the Chamber of Commerce of the United States.

This department deals with business problems affecting such basic industries as coal, oil, timber, etc. The new bureau will compile data and information about coal production and consumption.

The work of the bureau has been placed under the direction of C. T. Starr, who was for many years actively engaged in the operating end of the coal business.

Will the House Shortage Last?

THE HOUSING shortage in this country will not be overcome within the next five years, even with the best of good fortune. This statement was made by John Ihlder, manager of the Civic Development Department of the Chamber, before the recent housing conference of the American Society of Civil Engineers held in New York.

Mr. Ihlder said that even the well-to-do would not be as adequately provided with good housing in 1927 as they were in 1914. He continued:

As for the wage-earner, let alone the poor, their problem will be with us a good deal longer; consequently it is part of common sense to base our proposals on the proposition that the campaign will be long continued and that whatever is to produce results must be economically sound.

Mr. Ihlder pronounced as dangerous some of the so-called "emergency" housing legislation. He pointed out that during the last two years there had been legislation not based upon any deep study, and designed merely to check, temporarily, certain abuses from which a vocal part of the community is suffering. Legislation designed not to cure, but simply to reduce, irritation, he said, is likely to have effects quite unlooked for.

Mr. Ihlder explained that during the war he was an advocate of government housing for war workers.

That was a time of real emergency and it had a definite terminal point, the end of the war. Today the situation is fundamentally different. What we do now has no definite terminal point. Any date we may set is easily changed. What we do now sets precedents, establishes a habit of mind which will carry on. So it is important that our precedents, our habits of mind, have in them the possibility of continued growth and development. Adequate and good housing must pay a fair return on the investment. Only so can we be assured of enough good new housing to meet our growing needs and our rising standards.

Speaking of building costs, Mr. Ihlder said:

So far as experience goes, such short cuts to the millennium as government building and management do not promise to reduce real costs. Government operation, not only in this country but in others whose distance gives a haze of enchantment, has, as a rule, proved clumsy, inefficient and expensive. Certain functions must necessarily be performed by government, but the burden of proof is always on those who would transfer new functions to the government. So far, proof is lacking that governmental construction or management of housing would produce better or as good results in America as would private. But at the same time those of us who hold to this belief must recognize that dissatisfaction with present

housing conditions is causing a growing sentiment for direct participation by the Government. Our only effective answer is to produce better results through private operation.

In brief, then, the kind of housing legislation which, because of experience, we can count upon to aid, is regulatory, the kind that protects the men who would contribute to the public wealth from the exploiter who would prey upon the public wealth. This kind of legislation, building codes, housing codes, city planning and zoning ordinances, we should perfect and promote, confident that if well devised it will encourage building because it will make investment more secure.

Against Proposed Duty

THE National Chamber of Commerce has received a cablegram from the American Chamber of Commerce in Egypt protesting against a proposed increase in customs duties on long-staple cotton imported by the United States. According to the cablegram, the new duties if adopted by Congress in the pending tariff legislation, would hurt American trade in the Near East. The message reads:

Cotton exporters and growers strongly impressed by rumors of proposed new tax on Egyptian cotton imported by the United States. Such taxation would destroy our commerce with Egypt and hurt our efforts to develop American trade with Egypt and Near East. Moment now propitious to establish ourselves in Egypt in all branches of commerce. A liberal policy will make America Egypt's best client and seller, and render possible big development in banking, trading, insurance and shipping interest, whereas proposed tax would cause considerable animosity with serious injury to our interest.

Benefits of Standardization

SOME of the benefits to the manufacturer, wholesaler, retailer and consumer through standardization and elimination of excess variety in industry are enumerated in a report issued by the Fabricated Production Department of the National Chamber. The report says:

It takes "backbone" to tell your sales forces, in these times, that you will cut your variety, but it is being done not only by individual producers but in entire lines through trade association cooperation. The Department of Commerce, with an eye to increasing our world's trade, also has a constructive plan to help those who desire help.

The important rôle which standardization plays in industrial evolution is not generally appreciated. Here are some significant aspects of standardization, when carried out on a sound engineering basis:

It enables buyer and seller to speak the same language and makes it possible to compel competitive sellers to do likewise.

Better quality of product through ability of manufacturer to concentrate on better design and through the reduction of manufacturing expense.

It lowers unit cost to the public by making mass production possible, as has been so strikingly shown in the unification of incandescent lamps and automobiles.

By simplifying the carrying of stocks, it makes deliveries quicker and prices lower.

It decreases litigation and other factors tending to disorganize industry, the burden of which ultimately falls upon the public.

It eliminates indecision both in production and utilization—a prolific cause of inefficiency and waste.

It stabilizes production and employment, by broadening the possible market, and by making it safe for the manufacturer to accumulate stock during periods of slack orders to an extent which would not be safe with an unstandardized product.

By focusing on essentials, it decreases sell-

End the Overhead that is Underfoot

Your factory floors get more wear than any other part of the structure.

They cost money to start with—they cost money to keep in repair—they cost money to replace.

Replacing them means more than the actual cost of the new floor. It means loss of revenue through stoppage of operations. Why not eliminate practically all of this overhead that is underfoot?

If you are going to build a new plant, specify KREODONE Wood Block Floor, and start right off with the kind of a floor that is the best foundation for machinery, dustproof, waterproof, unaffected by heat or cold—and which is everlasting.

If you must put down a new floor, specify KREODONE. It can be laid without interfering materially with the operations of your plant.

Once down it is a wonderful investment—a smooth, quiet, easily-kept-clean, thoroughly durable floor that is simply beyond comparison with any other flooring material.

KREODONE wood blocks are made by this organization, which originated the creosote-treated wood blocks for this purpose. Wood must be impregnated with absolute pure creosote oil—and we make our own creosote oil for KREODONE wood blocks. We positively guarantee it as pure and free from any adulteration whatsoever. This is a most important factor in wood block floors, as your architect or building engineer will tell you.

KREODONE wood blocks are made plain, lug or grooved as desired. We always ship them in box or stock cars to protect them from the weather while in transit to you.

Every contract is a personal responsibility. Please write us for full particulars and details for your plant.

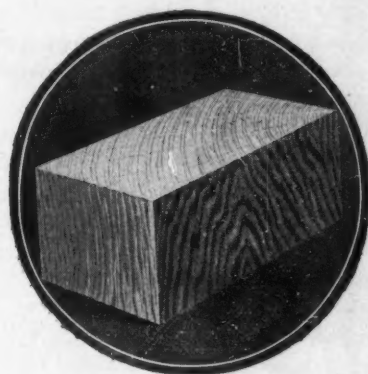
REPUBLIC CREOSOTING COMPANY Original Makers of Wood Block Floors Indianapolis, Ind.

KREODONE WOOD BLOCK FLOORS

Plants: Indianapolis
Eric County Bank Bldg., Buffalo
152 Bay Street, Toronto, Canada
516 Beacon Bldg., Boston
Berkeley Ward, Norfolk
222 Society for Savings Bldg., Cleveland

Minneapolis Mobile Seattle
St. Louis Park, Minneapolis
317 Hammond Street, Cincinnati
August Court Co., Agents
419 Chemical Building, St. Louis

Norfolk
Builders Specialty Co., Omaha
834 Real Estate Trust Bldg., Philadelphia
445 Central Bldg., Seattle
Masonic Temple, Mobile
211 Hammond Bldg., Detroit



Get the Genuine KREODONE
Blocks Watch that spelling—
it means service



HOME OF BEAUTY HOUSE NO. 102

Designed by Floyd Yewell, Architect

This illustration shows Home of Beauty No. 102, built by Mr. J. C. Breckon at Denver, Colorado. Mr. Breckon says: "The house has caused much favorable comment. I consider it an extremely artistic little house." The interior is just as distinctive as the exterior.

Substantial Homes

MORE and more home-builders are coming to realize that the Face Brick home gives them the utmost of utility, strength and beauty, at the greatest ultimate economy.

Whether your home is to be large or small you will be interested in the many advantages Face Brick offers you.

Face Brick, with its wide range of color tones and textures, has almost limitless artistic possibilities. Through durability and fire-safety, and by reducing repairs, depreciation, insurance rates and fuel costs to a minimum, it gives you, in the long run, the cheapest house you can build.

You will find a full discussion of these matters in "The Story of Brick," an artistic booklet with numerous illustrations and useful building information. Sent free on request.

"Face Brick Bungalow and Small House Plans" are issued in four booklets, showing 3 to 4-room houses, 5-room houses, 6-room houses, and 7 to 8-room houses, in all ninety-two, each reversible with a different exterior design. These designs are unusual and distinctive, combined with convenient interiors and economical construction. The entire set for one dollar. Any one of the booklets, 25 cents, preferably in stamps.

We have the complete working drawings, specifications and masonry quantity estimates at nominal prices. Select from the booklets the designs you like best and order the plans, even if you are not going to build now, for their study will be not only interesting and instructive, but helpful in formulating your future plans.

You may want "The Home of Beauty," fifty designs, mostly two stories, representing a wide variety of architectural styles and floor plans. Sent for 50 cents in stamps. We also distribute complete working drawings, specifications and quantity estimates for these houses at nominal prices.

Address, American Face Brick Association, 1130 Westminster Building, Chicago, Illinois.

ing expense, one of the serious problems of our economic system.

By concentrating on fewer lines, it enables more thought and energy to be put into designs, so that they will be more efficient and economical.

Trade Fairs Are Coming Back

THERE has been a marked revival abroad of interest in trade fairs, the Foreign Commerce Department of the National Chamber points out.

A list recently prepared in the department shows 193 events of this character already scheduled to take place during the present year, and more will probably be announced later. The great international continental fairs, such as those at Lyons, Leipsig and Utrecht, have taken on a new importance, and sample fairs more recently established at Frankfurt, Milan, Basel, Lemberg and other trade centers, claim to have been remarkably successful as regards both attendance and sales. The Barcelona Sample Fair, scheduled to take place in March, is receiving the active cooperation of the American Chamber of Commerce in that city, which has made arrangements to handle displays for American manufacturers not sending their own representatives to the exhibition.

Great Britain, particularly, is displaying marked interest in the trade exhibition; one of the four principal Divisions of the Department of Overseas Trade devotes its attention exclusively to fairs, sample exhibits and catalog collections; the British Industries Fair is of first importance among purely national displays, and the Federation of British Industries is reported as organizing permanent sample exhibits of British products in 150 trade centers around the world, two of these—at Brussels and Copenhagen—having already been opened.

On the Continent, the sample fair has bobbed up in smaller trade centers all the way from Christiania and Reval to Temesvar, Roumania, and Algieras; nine exhibitions will take place this year in the Far East and eleven are already announced for Latin America. In addition to the general commercial fair, such specialized and local events as the Geneva Watchmakers' Fair and the Dijon Semi-annual Exposition of Food Products attract widespread interest and visitors of many nationalities. As a convenient and comparatively inexpensive way of introducing the product to the consumer, the trade fair seems to have come to stay.

Automobile Show for Mexico

AN AUTOMOBILE show will be held by the American Chamber of Commerce of Mexico from April 16 to 23 in the National Theatre of Mexico City. The show will be open to all dealers and manufacturers of automobiles, trucks, tractors, tires, and accessories in the United States, Mexico and other countries. Arrangements are being made with reliable customs brokers to handle automobiles from the border to Mexico City. In the first eleven months of 1921 this country exported 1,417 automobiles valued at \$1,549,150 to Mexico.

Blames Exaggerated Advertising

THE general tenor of much of the present day retail advertising was severely criticized in a speech made by Alvin E. Dodd, manager of the Domestic Distribution Department of the National Chamber before a meeting of the Interstate Merchants' Council held at Chicago.

Absurd claims and exaggerated statements made in advertising, in the opinion of Mr. Dodd, are more responsible than high prices

for any lack of confidence which the public may have in retailers. Investigations made by the Domestic Distribution Department, Mr. Dodd declared, show that retail prices of most commodities bear a logical relation to wholesale and manufacturers' prices and to the prices of raw materials used to produce these goods. Prices charged by retail merchants, he said, appear to be moderate in a general sense and in economic proportion to underlying costs.

No reader of an advertisement, said Mr. Dodd, will believe that a retailer will sell goods at a price representing one-half the value of the goods. The public, he said, on reading an advertisement setting forth such a claim, immediately puts the merchant down as a profiteer who has been charging twice too much for his goods or dismisses the statement as false on its face. This kind of advertising, he said, induces the public to doubt even advertisements setting forth real values and real price reduction.

Of the oft-seen phrase, "Final Clearance," in advertisements, Mr. Dodd said:

We should be interested to know if this final clearance isn't a first cousin to the final appearance of a prima donna who reappears every season for thirty or forty years! The expression has become a joke in the theatrical world and should by this time be laughed out of the advertising vocabulary of the retail merchant.

In every city there are one or more retail stores which through many years of endeavor and of truth telling have established a reputation for accuracy which ensures them a constant flow of customers. Usually they are very wealthy and have gained this position through the care with which they have guarded their reputations for honest dealing both in the printed word and in the deed. Their main business is based not upon bargains but upon quality.

The only way to regain the confidence of the public is to make advertisements agree with the facts and to eliminate from bargain sales those articles which are manufactured to sell at the prices advertised.

Putting Statistics to Work

HOW can past business experience be turned into money? How can we profit by our mistakes?

More time and study are being given to those questions right now than ever before. It has been charged that the troubles which the tire manufacturer found himself facing not so many months ago were due in large part to ignorance of his own business. The tire men, it was openly asserted, went ahead producing on a theory that each automobile would average five tires a year. As a matter of fact, better manufacturing, the increased use of cord tires and improved repair methods had combined to cut the consumption of tires per car from five to less than four. In other words, more skillful methods were more than offset by ignorance of probable consumption. The makers of tires kept watch on one element in their index line, the probable number of automobiles in use, but went astray on another, the probable use of tires per car.

What is the barometer of your business? One thing is certain—what guides your neighbor's business will not necessarily guide yours. Here's the way in which the Westinghouse Air Brake Company is working.

The Company's output is limited by the railroad's needs and the railroad's buying power. These two things are not the same—certainly not in these days. There is, however, a low point at which the railroads find themselves forced to buy in the face of



Geo. B. Post & Sons, Architects, N. Y.

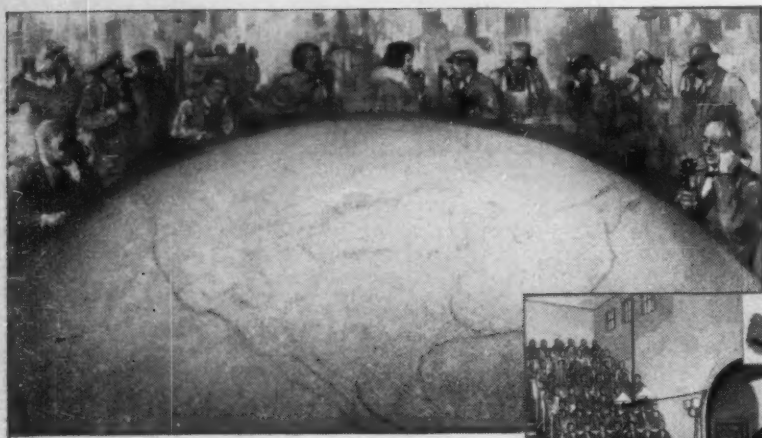
The Hotel that Syracuse Wanted—and got!

Syracuse, New York, was an excellent example of under-hoteled city. The citizens of Syracuse believed its one modern hotel to be inadequate to meet the growing needs of the city; a survey proved it!

The Hockenbury System Incorporated, an organization of experienced Hotel Financialists, was consulted and in one week's time sufficient stock was sold in the community to insure the project's financial success.

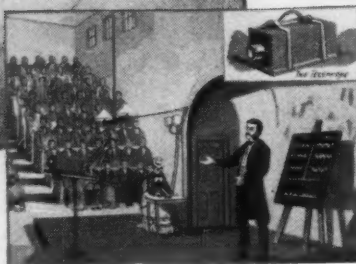
To other under-hoteled towns we've an interesting message contained in the brochure, "Financing Your City's New Hotel," a copy of which is yours for the asking.

The Hockenbury System Inc.
Penn-Harris Trust Bldg.—Harrisburg, Penna.



Forty-three years ago Alexander Graham Bell, the inventor of the telephone, wrote this inspired forecast: "It is conceivable that cables of telephone wires could be laid underground or suspended overhead, communicating by branch wires with private dwellings, country houses, shops, manufacturers, etc., and a man in one part of the country may communicate by word of mouth with another in a distant place."

At the right, an old print of Bell lecturing on telephony, 1877.



Foresight

More than forty years ago, when the telephone was still in its experimental stage, with but a few wires strung around Boston, the men back of the undertaking foresaw a universal system of communication that would have its influence upon all phases of our social and commercial life.

They had a plan of organization capable of expansion to meet the growth they foresaw; and their wisdom is borne out by the fact that that plan which they established when telephones were numbered by dozens is efficient now when telephones are numbered by millions.

This foresight has advanced the scientific development of the art of telephony to meet the multiplied public requirements. It has provided for funds essential to the construction of plant; for the purchase of the best materials on the most advantageous terms; for the training of employees to insure skilled operators; for the extension of service in anticipation of growth, with the purpose that no need which can be foreseen and met will find the Bell System unprepared.

The foresight of the early pioneers has been developed into a science during the years which have elapsed, so that the planning of future operations has become a function of the Bell System. This is why the people of the United States have the most efficient and most economical telephone service in the world.

"BELL SYSTEM"

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
AND ASSOCIATED COMPANIES

One Policy, One System, Universal Service, and all directed
toward Better Service



poverty. At the other end there is a point where they wouldn't buy if they had all the money they needed. They wouldn't have to. Their wants would be satisfied.

Those two points are theoretical, but somewhere between them there is the line where they do buy, represented by the company's sales. That line can be charted back over a considerable period of years, but is there any way that it can be charted ahead? Can any prophet seize the pencil on the first of February and say:

"This line that shows your sales to the railroads of the country will begin to go up about here and the curve will stay up for the next two or three months."

The company has at work on just that problem a consulting statistician and graphic chart expert, Earl F. Evans, who is trying to construct for them a curve based on an index number which shall show over a considerable period approximately the same changes as the curve of the company's sales. Such a curve to serve its best purpose should have a prophetic value. Its fluctuations should precede those of the sales curve.

The construction of such an index curve presents a problem of very great difficulty. Not all the factors that should enter into its construction are recorded. Nor are all of them of equal importance. In this case some six records were taken as the material from which to braid this index rope: Car surplusage, car shortages, bad-order cars, operating revenue and operating expense, orders for new equipment.

"Weighting" the Factors

THESE were plotted along the line which showed the sales of the company for a number of years back and their comparative importance judged from the closeness with which they paralleled the sales line. On that basis they were "weighted." In other words, the factors that seemed to show the most influence on the company's output were given greater weight in making the index line.

There in brief outline is a description of an intricate process which is taking a long time in the working out. How valuable will it be? As to that Mr. Evans, who is directing the work, will only remind you of the old adage about the proof of the pudding.

He does hope to construct for the company what he calls a barometer. He believes that he can in this particular industry register certain fluctuations which shall act as a warning signal to "stop" or "go ahead."

Every industry is its own problem. Some, for no apparent reason, find much more easily their guide posts. The head of one of the large manufacturers of electric machinery and supplies is quoted as saying that the unfilled orders for pig iron furnish him a most useful barometer. He has found that his business drops and rises with that index but with a lag behind of perhaps ten months.

Other lines of industry present problems which seem almost insoluble. The factors which control the demand for their product are too varied and their interpretation too intricate. A case in point is that of a manufacturer of cork products whose output goes into floor coverings, heat insulating materials and protective wrappings as well as into bottles. His business might well be so complex as to offer no point of approach for the statistician.

"Business" said Mr. Evans in explaining the use of statistics, "seems to me to come in a sort of series of waves of uneven length and of uneven height. I do believe that better use of the information we have will help us approximate a knowledge of when the wave is at its crest and when it is nearing the bottom of the trough."

Weapons of Commercial War

HERE'S what an ounce of gold will buy in hour's work:

In the United States	17.22
In Great Britain	50.16
In Japan	95.60
In France	117.31
In Germany	201.66

The figures are not ours. They were presented to the National Union of Manufacturers of Great Britain in session at Birmingham. They are of interest whether they are exact or not. Perhaps they would have been fairer if labor had been measured in something other than gold. It may be that the Germany worker who does twelve hours to the American's one for an equal return in gold gets more for the gold than the American. Perhaps if we saw the hour's work in terms of bread or shoes, the difference might not be so great. But there is a difference, and it lends emphasis to the views of Dr. S. W. Stratton, of the Bureau of Standards, who says:

"Whatever the nations may do about limiting armaments, there is no doubt in my mind that we are about to engage in an economic warfare such as the world has never seen, and in that struggle it behooves us to see that our weapons are in order and up to date."

That divergence in wages for hours worked may be a very potent weapon for Germany or it may be valueless. Several things might offset it. Ill paid, long hours may defeat their end by sheer physical breakdown. Long hours may be inefficient because unsupported by power. But the potential weapon is there.

We have gone far in this country in improvement of methods of quantity production, but have we done our duty in cutting out waste by elimination of needless styles and by standardization? Here again we might do well to look abroad.

Both Great Britain and Germany are forging ahead along this line. England has been at work nationally on standardization problems for twenty years. Germany only since the war, but Germany is as usual going at it thoroughly.

There is a Central Standardization Committee of German Industry before which proposals for new subjects for standardization come. If the central body approves, a working committee is named, its conclusions are codified and compared with the work already done so that standards in all industry may so far as possible be conformable. Then it is published for criticism and finally put out in permanent loose-leaf form for designers, draughtsmen and foremen. More than 100,000 of these sheets are sold each month.

The central body works only on subjects common to two or more industries, but a number of other industries have special standardization committees.

That which deals with ship details and ship machinery has played a large part in the rapid shipbuilding of Germany's merchant marine. A glance at a few of the special industries will give an idea of how widespread is the work of standardization: agricultural power machinery, automobiles, elevators, compressed air tools, freight cars, locomotives, textile machinery. Those are half a dozen from a list of twenty-five.

In general the Germans—and with them are working closely the Austrians, Dutch and Swiss—are specializing on standardizing dimensions in their central committees while the special industry committees work also on testing rules and limitations of types.



Greater Production ~Less Cost

THE CRY of the present day is Greater Production—but lower cost.

We have realized that a large number of shops are not properly equipped to obtain the most economical production from either high speed or carbon drills.

High Speed drills require great speed and rigid machinery, factors which are lacking in a great number of plants.

Carbon Drills do not give these plants sufficient production.

To meet this demand, we have perfected a new drill.

MEZZO

We firmly believe that "MEZZO" is the greatest advance in drill manufacturing in the last twenty years.

"MEZZO" performs best at speeds and feeds which would soon burn the point of a carbon drill. In fact we recommend that "MEZZO" be used at approximately double the feeds and speeds at which carbon drills under average conditions work satisfactorily. At these speeds and feeds "MEZZO'S" durability and production have astonished

many of the wiser heads in the cutting tool field.

Heating the cutting edge of "MEZZO" even to a dark blue color will not draw its temper. In fact "MEZZO" works at its best efficiency this way.

And "MEZZO" is reasonably priced; gives greater production—reduces production costs.

Write for the "Story of Mezzo." It will tell you how you can obtain this greater production at less cost—right in your own plant.

The **CLEVELAND** **TWIST DRILL COMPANY**
CLEVELAND
NEW YORK - CHICAGO - LONDON
TRADE MARK REG. IN U. S. AND FOREIGN COUNTRIES

This Monitor Type Prudential Building was erected in 19 days. It is a modern "Daylight" factory building.



The Building You Need at a Decidedly Lower Cost



Prudential Galvanized Sectional Steel Buildings illustrate one of those rare instances in which a really meritorious product can be purchased cheaply without sacrifice of quality.

When you specify "PRUDENTIAL" you obtain strength, permanence, long life, portability, attractiveness and all other qualities which go to make buildings desirable. You retain every feature you wish to be present in your new factory, warehouse or other industrial building and—

— SAVE MONEY —

*Write for particulars—
all sizes and types.*

BLAW-KNOX COMPANY

632 Farmer's Bank Building
PITTSBURGH, PA.

New York
Chicago

Boston
Detroit

Baltimore
San Francisco

Birmingham
London, Eng.

PRUDENTIAL

STEEL BUILDINGS SECTIONAL

That Mythical Family of Five

THAT "average American family of five" has long been made the basis for figuring on taxes and cost of living, church attendance and schedules of needed clothing. Now comes Elliott Frost, Director of the Industrial Management Council of the Rochester (N. Y.) Chamber of Commerce and tells the psychologists of America at an annual meeting that there is no such thing:

Now the phrase "the average American family of five" carries two implications, each contrary to fact, to wit: (a) that the average American family consists of five persons and (b) that in this family there is one and only one wage-earner. As to the former, the 1920 census shows 4.3 persons to a family, considering "family" as a social unit. To call it five is therefore 16 per cent inaccurate to begin with. Still more important, however, is the other implication, namely, there is but one wage-earner among five persons. The fact is that the average is two. The proof for this is simple—divide the total population (approximately 105,000,000 persons) by the number gainfully employed in this country (approximately 41,610,000 persons) and you get 2.52 persons per wage-earner—not five. This family of 2.52 persons might properly be called the "average American economic family." Labor's claim that it consists of five instead of 2.52 persons, is therefore about 100 per cent inaccurate.

If further illustration, disproving this "five-in-a-family" slogan is needed, take figures for an individual city. Rochester, N. Y., for instance, in 1920 had a population of about 296,000; 134,088 of whom were registered as wage-earners. This means that 45.3 per cent of the city's population of men, women and children were gainfully employed; or, to phrase it in another way, it means that on the average each worker helped to support 1.2 persons beside himself, or 2.2 persons altogether, and not five as labor claims.

Filming American Industry

TO MEET a demand both abroad and at home for knowledge of methods of manufacture and the services to which American products are applied, the bureau of Foreign and Domestic Commerce of the U. S. Department of Commerce has just completed arrangements to produce in this country motion picture films showing methods of production and employment of American machinery and similar products. This is done in cooperation with the U. S. Bureau of Mines, which in recent years has produced a number of films showing various phases of the mining and metallurgical industries.

The actual cost of the photography, as well as the expenses incurred in the making of additional prints of the films, is borne by the cooperating company. After the picture has been completed and approved by both the government officials and officers of the cooperating company, the work of distributing the films, both in this country and abroad, to the best advantage of the company whose product is shown, is taken care of by the Bureau of Foreign and Domestic Commerce of the U. S. Department of Commerce without any further expense to the cooperating company. It is possible to give a very close estimate as to the cost of producing such a film, and, should further information be desired, arrangements can be made for the government engineer to visit the plant for this purpose.

In each case the main title of the film is to read somewhat as follows: "This picture is produced under the direction of the U. S. Department of Commerce in cooperation with (name of company whose product is shown)."

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Form 1204

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT Mills Bldg., Washington, D. C. Br.37 F 7100
A396H 50 NL

BO CLEVELAND OHIO 3
NATIONS BUSINESS

MILLS BLDG WASHN DC

1922 FEB 3 PM 8 20

WE WILL CONTINUE PRESENT CAMPAIGN NUMBER OF INQUIRES BEYOND OUR
EXPECTATIONS ESPECIALLY IN EASTERN TERRITORY WHERE NATIONS BUSINESS
SEEMS TO LEAD ENTIRE LIST WILL NOT PERMIT TESTIMONIAL LETTER BUT WILL
BE VERY GLAD TO CONFIRM RESULTS TO ANYONE INTERESTED WE ARE CONVINCED
THAT EXECUTIVES ARE TAKING GREAT INTEREST IN BUYING



★ If you wish details we will put you in touch with this advertiser.

Advertising Department
The NATION'S BUSINESS
WASHINGTON

Modern Shops Use Alligator Lacing

It is significant that modern shops and plants the world over are using Alligator Steel Belt Lacing. This because they find it the most economical and reliable means of belt joining.

It is also worthy of note that manufacturers of the finest grades of belting of every description urge the use of Alligator Steel Belt Lacing. Think of this.

The Reasons

With Alligator no holes are punched in the belt to weaken the fabric. No bump stretches the belt over the pulleys. No unevenness in tension can develop after the belt is laced.

With the easily made Alligator joint, broken, slipping and wild running belts caused by uneven lacing are avoided. Alligator permits use of either face of the belting. It saves delays and accrued expenses amounting to hundreds of thousands of dollars annually. These features should appeal to every executive.



Note the double staggered teeth of Alligator Lacing. The teeth pierce the belt and are clinched tightly with a hammer.

Alligator Steel Belt Lacing can be applied in an average time of three minutes. Any ordinary workman can produce a perfect joint. No tool or equipment but a hammer needed.

This lacing in hundreds of tests has been proven the strongest on earth. It is permanent. "Never Lets Go," and is supplied in sizes to fit any belt from tape to 3/4-inch thickness, thus permitting a plant to standardize on Alligator Steel Belt Lacing for all belting. Investigate. Alligator belongs in your plant.

Send for Free Book

"Short Cuts to Power Transmission"

Let us send you one or more copies of this book. Look it over and then pass it along to your shop foreman with your recommendation. It contains authoritative data on the selection, care and use of all kinds of belting, tables, and simplified formulae for figuring out new installations and replacements, working out difficult drives according to modern practices, and also an illuminating chapter on belt lacing.

"Short Cuts" is in use in a number of nationally recognized Technical and Engineering schools, supplied to them upon request as the most complete practical book of the sort ever written.

Suggest the idea of using Alligator to your own superintendent.



Never
Lets Go

Reg.
U. S. Pat. Office

FLEXIBLE STEEL LACING CO.

4626 Lexington St., Chicago, Ill.

135 Finsbury Pavement, E. C., 2, London

FLEXIBLE STEEL LACING CO.,

4626 Lexington Street, Chicago

135 Finsbury Pavement, E. C., 2, London

Gentlemen: Without obligation, kindly send me price lists and complete details on Alligator Steel Belt Lacing and indicate convenient source of supply. Also your book, "Short Cuts to Power Transmission."

Firm Name _____

Address _____

Name of Inquirer _____

"Inside" Federal Reserve History

SOME "inside" history of the Federal Reserve System, hitherto unpublished, is contained in the January annals of the American Academy of Political and Social Science. Do you know, for instance, how political pressure was brought to bear for twelve Federal Reserve banks at the outset, instead of only eight? Do you know that political pressure was exerted also during the passage of the bill through Congress? Do you know that the opinion of the Attorney General has twice been asked to uphold certain decisions?

This is perhaps a somewhat Hearstian manner of introducing a volume which contains, in addition to much that is new, voluminous material of solid worth to the business and banking community. But the business men and bankers of the United States should have come to realize fairly well by now the value of the Federal Reserve system, and are perhaps more interested in the forces which have played upon it than in academic appraisal of its efficiency. No one regards it, of course, as a panacea for all the ills the economic body may fall heir to. The system has its limitations.

"It must not be concluded," as the foreword to this volume observes, "that because it financed the war it can go on indefinitely producing rabbits of credit and currency out of an empty hat. It didn't do that even in war." And regret is expressed that, as a result of this experience, many suggestions have been made for changing the system which otherwise would not have been made.

It is in the foreword that we learn how there came to be twelve Federal Reserve banks at the outset, instead of eight. The Organization Committee created by the act toured the country to hear the arguments of the many cities which thought they should be the seats of reserve banks. There was, the foreword says, some bitterness on the subject, and it continues:

Political "pull" was exerted to influence the committee from without and political prejudice was working within. But these matters were of minor importance compared to the Organization Committee's interpretation of the provision as to the number of Banks. They decided that twelve should be immediately established, and not eight, to be increased to twelve later if experience showed twelve to be necessary.

Undoubtedly the Committee felt the pressure keenly. Southern cities were very ambitious and very influential.

The banking act provided that the Federal Reserve Board should review the decisions of the committee. The Secretary of the Treasury and the Comptroller of the Currency were members with the Governor of the Federal Reserve Board of the Organization Committee. They were a minority of the board.

But, over the signature of the Governor and without the authority or knowledge of the majority of the Board, they asked the President to transmit to the Attorney General a request for an opinion defining the Reserve Board's powers of review.

The opinion was turned out over Saturday and Sunday, which may be considered unusual dispatch. When the Board met again it was faced with the Administration's interpretation of the law and the interpretation was that the Board had no power to review the determination of the Organization Committee in a manner that might affect the existence of any of the twelve Reserve Banks already established.

The point to be made is that the integrity of the Reserve System is of indifferent con-

sequence in the face of political expediency. Perhaps just such a thing will not happen again but this is the second instance in which appeal was made to the Attorney-General to give legal support to a plan politically desired.

The volume consists of thirty articles, not assembled haphazard but written, it is clear, in accordance with a careful plan; and each fits into the pattern. It was edited by Arthur D. Welton and C. H. Crennan of the Continental and Commercial National Bank in Chicago, who wrote the foreword, and contains articles by such authorities as Paul Warburg, John V. Farwell, Harry A. Wheeler, George M. Reynolds, J. B. Forgan, W. P. G. Harding, O. M. W. Sprague of Harvard and E. W. Kemmerer of Princeton, to name but a few of a list notable throughout. Mr. Wheeler tells here the history of the National Citizens' League for the Promotion of a Sound Banking System, in which he took an active part and of which Mr. Welton, one of the editors of the volume, was general secretary. The league was largely instrumental in bringing the present Federal Reserve Act into being, and the volume therefore is valuable as an historical contribution, as well as for its valuable discussion of the functions, purposes, meaning and accomplishments of the present banking law.

In Mr. Welton's article on "The Reserve Act in Its Implicit Meaning" the story is told of an attempt to make the Federal Reserve Board a bureau of the Treasury Department. It became known to the public through a newspaper item saying that the Attorney General had given the President an opinion that the board was an independent agency.

"When the President's secretary was queried as to the reason for requesting this opinion," Mr. Welton observes, "he replied that the President had asked it 'for Mac' but did not say whether 'Mac' was Machiavelli or McAdoo."

Dr. H. Parker Willis, who was expert for the House Banking and Currency Committee when the bill was on its passage, deals particularly with the political factor in its bearing on what was an economic product. The first section of the volume is given over to an historical review of banking prior to the organization of the Federal Reserve; the second part to the purposes of the new act, and the third to the operation of the system. It is emphasized that Federal Reserve banks are not government banks, and that politics should in no wise affect them.

To the business man special interest will attach to the discussions presented in this volume of the rediscount rates of the Federal Reserve banks. The difficulty in understanding them lies in the lag of banking operations behind business operations.

Just at present business is making all kinds of commitments. Manufacturers are taking orders and accepting orders for goods that will be delivered from May to July and in many instances in the fall. Jobbers are selling their goods for future delivery and retailers are buying in the same way. The commitments thus formed will not assume shape or be transmitted into banking terms until the goods have been delivered. When the commercial banks have felt the influence of these transactions something between thirty and ninety days will lapse before the Federal Reserve banks will feel the effects of what business is doing at this time. So that there is a normal lag in Federal Re-

serve Bank operations of from four to eight months behind the transactions that create the banking activity.

In the annals are three articles bearing directly on this point written by Mr. Farwell, Mr. Reynolds and John H. Rich. They illustrate in practical form the variation in the influences which affect the rediscount rate of the Federal Reserve Banks, and indicate very clearly that if the rediscount rate through its raising or lowering is to slow up or stimulate business it must be done in anticipation or as a result of a very vivid and unusual prophetic vision.

SILAS BENT.

Other Worth While Business Books

AUDITING THEORY AND PRACTICE, by R. H. Montgomery, the Ronald Press, New York. In two volumes.

A revised edition, containing in volume one general principles and in volume two specific applications.

BANKING PRINCIPLES AND PRACTICE, by Dr. R. B. Westerfeld, the Ronald Press. In five volumes.

Studies of the fundamental principles of banking; an historical survey of the present system; a description of a bank's internal organization; an explanation of transactions other than receiving, paying and clearing; and the administration of the foreign division.

INTERNATIONAL FINANCE AND ITS REORGANIZATION, by Elisha M. Friedman, E. P. Dutton and Co., New York.

An account of the financial changes in Europe during and since the war, with a summary of proposals for rehabilitation; a book which may well be read in connection with "America and the Balance Sheet of Europe."

ACCOUNTING PRINCIPLES, by Spurgeon Bell, the Macmillan Company, New York.

A study of the use of these principles in business management.

AMERICA VS. EUROPE IN INDUSTRY, by Dwight T. Farnham, the Ronald Press.

A comparison of present manufacturing methods in the two countries, with a forecast of the fight for world trade.

BANKING AND BUSINESS, by Dr. H. Parker Willis and George W. Edwards, Harper and Brothers, New York.

Intended alike for the student of business in college and in daily activity.

AMERICAN BANKING PRACTICE, by William H. Kniffin, McGraw-Hill Book Company, New York.

A treatise on the practical operation of a bank.

WILLS, ESTATES AND TRUSTS, by Thomas Conyngton, Harold C. Knapp and Paul W. Pinkerton, the Ronald Press. In two volumes.

Dealing with the transfer of property with or without a will, the administration of estates and the legal elements involved.

PROBLEMS IN SALES MANAGEMENT, by Harry R. Tosdal, A. W. Shaw Co., Chicago.

BUSINESS ADMINISTRATION, by Leon Carroll Marshall, the University of Chicago Press. Intended primarily for classroom use.

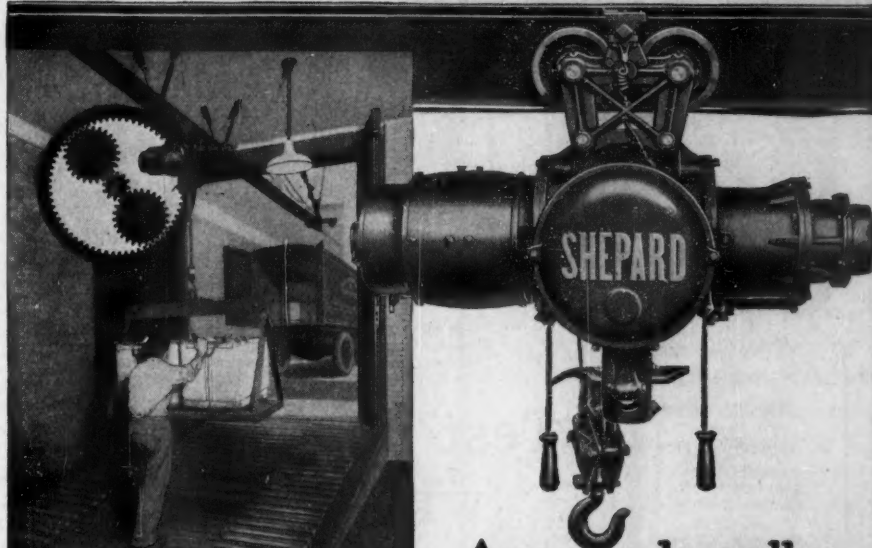
SUCCESSFUL FAMILY LIFE ON THE MODERATE INCOME, by Mary Hinman Abel, J. B. Lippincott Co., Philadelphia.

A discussion not merely of the domestic budget but of the relation of the home to the satisfactions and pleasures of life.

THE HOPE OF THE FUTURE, by Edward E. Eagle, the Cornhill Publishing Co., Boston.

An American's frank criticism of his fellows and interpretation of the spirit of Great Britain and her dominions; with forewords by conspicuous statesmen in both countries.

THE SHEPARD ELECTRIC LIFTABOUT



LiftAbout used in Bellevue Hospital, New York City

A new and smaller
Electric Hoist

Put your burdens
on it—and save

YOU can move your loads quicker, more systematically, and in a highly economical manner with this small, but powerful electric hoist, the Shepard Electric *LiftAbout*. It is a profitable means for safely lifting, carrying and putting down loads of every type and proportion, and finds use in stores, factories, warehouses, stockrooms, hotels, ice plants, slaughter houses, in apartment buildings for lifting ashes, on farms, even in hospitals; in fact, everywhere.

Surprisingly low in cost and
economical to run

Low in cost and economical to run, a *LiftAbout* and its advantages are made available to everybody. It pays dividends in time and money from the very first day of its installation, and turns into profit and gain the losses that exist where load-moving is done manually or by other wasteful methods.

Easily and quickly installed

A *LiftAbout* is easily and quickly installed to operate on overhead track secured to the ceiling, or on the side of a building to serve a stairway or sidewalk hatch. It takes up no valuable floor space, is out of the way, but always instantly available for service. Look into your load-moving—investigate the *LiftAbout* and learn how it will **PAY** you.

"Shepard" builds Electric Cranes
and Hoists in capacities to 30 tons.

SHEPARD ELECTRIC CRANE & HOIST CO.

436 Schuyler Avenue - Montour Falls, N. Y.

Branches in principal cities

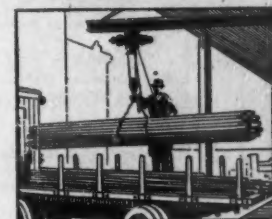
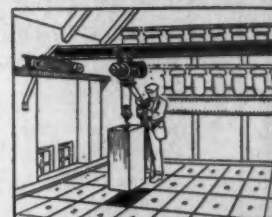
Member Electric Hoist Manufacturers' Assn.



SHEPARD
ELECTRIC CRANES & HOISTS



Send for—
this circular showing the
LiftAbout in many and
varied applications.



B

Showing proportion of file employees saved by L.B. Service for the Wayne Oil Tank and Pump Co.

Without—

and with
L.B. Service

"Our filing troubles are over," writes the Wayne Oil Tank & Pump Co., Ft. Wayne, Indiana. Their experience (see diagram) is like that of hundreds of companies that have installed Library Bureau files and systems.

The Six Big Divisions of Library Bureau Service

1. Special Service

Analysis Service
Indexing Service
Statistical Service

2. Specialized Departments

Bank Department
Government Department
Insurance Department
Library Department

3. Filing Systems—

Alphabetic
Geographic
Numeric
L.B. Automatic Index
Subject

4. Card Record Systems

L.B. Sales Record
L.B. Stock Record
L.B. Card Ledger
L.B. Visible Record File

5. Cabinets—Wood and Steel

Card index cabinets
Counter-height units
Horizontal units
L.B. Card record desks
Vertical units

6. Supplies

Cards
Over 1,000 styles of plain index and stock forms

Folders
L.B. Reinforced folders
Plain and tab folders

Guides
Plain, printed and celluloid
Removable label guides
Metal tip guides

Test your files with 4 questions

Are your files helping other departments to produce business? Are they conserving labor? Are they saving space? Are they saving time by prompt delivery of every record?

In the affirmative answer to these questions is summarized the experience of thousands of offices now using Library Bureau filing and card record systems. Note what these Library Bureau systems can do:

1. They invite greater use by the sales and other departments of your business, by promptly producing information that may be turned into increased sales.
2. They cut labor costs from 10% to 70%. Perhaps you need L.B. instead of more clerks.
3. They take up minimum room, in many cases saving 50% or more office space.
4. They cut down lost time frequently as much as 100% because of the accuracy and dispatch with which they operate.

Every L.B. salesman is trained to help you. Phone for one to call today.

Founded 1876

Library Bureau

Plans

Makes

Installs

Card and filing systems - Cabinets - Supplies

Boston

New York

Philadelphia

Chicago

Albany
Atlanta
Baltimore
Birmingham
Bridgeport
Buffalo
Cincinnati
Cleveland
Columbus

Denver
Des Moines
Detroit
Erie
Fall River
Hartford
Houston
Indianapolis
Kansas City

Louisville
Milwaukee
Minneapolis
New Orleans
Newark
Pittsburgh
Portland
Providence
Richmond

St. Louis
St. Paul
Scranton
Springfield
Syracuse
Toledo
Washington
Worcester

Distributors:

Dallas, Parker Bros.
San Francisco
Portland, Ore.
F. W. Wentworth & Co.
Los Angeles
McKee & Wentworth
Salt Lake City, C. G. Adams

Foreign Offices—London Manchester Birmingham Cardiff Paris

American Opportunities in the Far East

THERE is a "supreme opportunity—one of boundless magnitude" for American business in the Far East, according to the report of the Executive Committee of the San Francisco Commercial Relationship Delegation upon its return from a three months' study of oriental markets. The delegation expresses deep appreciation of the cordial reception given it throughout the orient and of the excellence of the service rendered to it upon the American-owned liner *Empire State* on which the trip was made.

In contemplation of the future development of American trade on the Pacific the Delegation recommends hearty support for the proposed Pan-Pacific Commercial Conference and commends cooperation between the Government, American transportation, industry, commercial and financial interests in the development of trans-Pacific commerce. The committee states "commercial competition in the Far East is keener today than at any time since the inception of the World War," and that "the character of the markets has changed and to succeed America must adapt herself to new conditions, and so organize as to develop a campaign which when undertaken will permit of nothing but success."

Regarding banking, the committee states "For America to compete under present conditions it is necessary that more liberal banking methods be developed and this committee recommends the active support, wherever possible, by the commercial circles of America, of foreign banking corporations, as authorized under the Edge Amendment to the Federal Reserve Law, and the development of credit organizations which are able to operate on an equally broad scale."

The committee believes it "imperative that the people of the United States, through the Government, develop a policy which will remove any barriers or handicaps under which American business abroad is forced to labor and from which competing citizens of other countries are exempt."

Improvement in parcel post with Saigon, Singapore and Batavia; greater discrimination in the training and selection of men for foreign service and an effort to develop Manila as America's trading post in the Far East coincident with a definite political status for the Philippines, are urged.

Under "International Arbitration" the committee's report says: "A step toward the establishment of international arbitration may be accomplished, in the opinion of the committee, by entering into agreements for the purpose of settling controversies and disputes with chambers of commerce and other organizations abroad possessing proper facilities for this purpose. This committee urges cooperation with the United States Chamber of Commerce in its work along these lines."

Containers for Farm Products

TEA KETTLES to milk cans is the range of containers used by farmers in delivering cream they sell, according to the Federal Trade Commission. It would seem to follow that some farmers might increase the price they obtain for the products of their establishments by a little of the attention to proper containers the manufacturers long ago discovered was essential.

Business and Human Beings

By FRED C. KELLY

THERE is much that a business man might learn from the methods of politicians. For an instance: In a political campaign, a shrewd manager rarely wastes much time in a county or state where the opposition has nearly everybody on his side. At first thought it might seem that it is not the redeemed, but the erring, that need political gospel. But the tendency is to concentrate most of the effort, not only in the localities where the result is in doubt, but where it is believed that the other side is in the minority. The reason for this is obvious enough; it takes less effort to add to a following already existing than to try to overcome a solid line of adverse opinion. Where opinion is divided, there are sure to be many persons who have friends on both sides and are not certain where to line up. These persons are open to arguments which might be wasted in a locality where everybody is of pretty much the same viewpoint.

Now, the same reasoning applies to a selling campaign. If you have only a limited amount to spend on getting new customers, it will be more effective to add to one's business in those places where there is already a little, than to go where one's product is not known and rival dealers are in control. It is best to let that field go until after the more friendly places have been worked to their fullest possibilities.

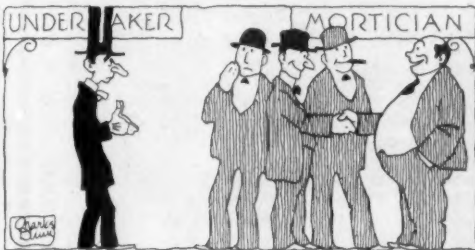
Investigations recently made by one of the best statisticians in the United States disclosed that the automobile manufacturers of this country have greatly overbuilt their plants. They have the capacity to produce one million cars a year beyond the demand. Which brings up the question: Who, eventually, must pay for all this manufacturing equipment that is going to waste? Will it be paid for by the automobile makers themselves, or by the purchasers?

Apartment houses have revolutionized more lines of business than is generally realized. For one thing, they have created a demand for smaller articles of all kinds than were formerly manufactured. Food products come in smaller packages than they would if it were not for the small storage space in flats. Even tea packages are smaller. People do not ordinarily buy tea in large bundles, anyhow; but those who cook in a wee kitchenet are likely to pick the smallest packages they see in the grocery, whether it's tea or potatoes. Likewise, cooking utensils, furniture, bathtubs—all have been influenced by the fact that a certain proportion of the people who will use them dwell in apartment houses. Old-fashioned, full-sized double beds are coming to be almost unknown in the larger cities. The average New Yorker believes that a three-quarter bed is as wide as they are made.

What is there, asks my friend Ayres, that you use just as much of whether you're rich or poor? I gave it up, and he declared that as good an example as any is plain table salt. If you're in the habit of putting a pinch of salt on your eggs in the morning, you won't take an extra pinch after you've grown more prosperous, and if you're suddenly thrown into a state of comparative poverty, you'll still have your pinch of salt just the same.

If you can't have eggs in the morning, you'll probably put your customary salt ration on something else. By hook or crook you'll have all the salt you need. Now then, that being the case, salt ought to be in steady demand year in and year out, oughtn't it? And yet, an investigator found some months ago that the bottom had dropped right out of the table salt market. The producers were not selling any table salt at all. Why? Just because the public was using up the slack. People recognized that they were buying salt, as well as everything else, on a falling market. Hence, the family that had an extra sack of salt in the pantry used it up before going to the grocery for another. The grocer, in turn, used up his reserve stock before ordering from the wholesaler. And the wholesale dealer delayed buying from the manufacturer so long as he had a grain of salt still on hand.

A similar taking up of slack occurred in the tire industry last year. The automobile owner used up his spare tires and took a chance on driving all winter without any extra casings on the rack. If he got a blow-out, he perhaps drove into the garage and consulted price lists before buying a new tire. He was disposed to wait as long as possible, because prices kept going down. But along in March two exceptionally hot Sundays came to the rescue of the tire manufacturers who had scarcely turned a wheel in their factories all winter. People not only drove farther than usual on those hot Sundays, but the heat caused more than an average number of blowouts. Thousands of automobile owners decided that there was no use trying to stave off tire purchases any longer. And, for the time being at least, the tide in the tire industry was turned. The slack was all used up.



According to popular impression, an undertaker is a gloomy soul who rarely smiles, and has few pleasant dealings with his fellows. So far as a really successful undertaker is concerned, nothing could be farther from the truth. Every good undertaker I have ever known has been the sort of person who might have succeeded in politics, as a salesman, or as a general glad hander. The more prosperous undertakers are almost invariably born mixers. They are compelled to be good fellows from the very nature of their occupation. Because it is essential to an undertaker to have a large acquaintance. Otherwise, how is he to make a living? Unlike a doctor, he can not operate on the same person more than once. And unlike a neighborhood grocer he cannot count on a steady trade from a comparatively limited list of families. Imagine what a difficult time the average grocer would have making a living if none of his customers ever re-

Manufacturers Merchants Executives— and all who own or manage valuable property:

Do you know that this fire insurance company can send trained men to you and make regular inspections to help you keep your property from burning?

And there is absolutely no charge for such service. It is free to the thousands of concerns whose property is insured in the Hartford Fire Insurance Company.

Even if you are not a Hartford policyholder, we shall be glad to show you by examples how this Fire Prevention idea may be made practical. Write on your regular letterhead to:

Department of
Special Service
**Hartford Fire
Insurance Co.**

Hartford, Connecticut
U. S. A.



*The Seal of Certainty
on a
Fire Insurance Policy*

*There is a local agent of the
Hartford near you. Shall we
tell you his name?*

AT THE HEART OF NEW YORK'S FINANCIAL DISTRICT

The Bankers Trust Company, New York, offers a complete banking service which includes:

Active and Reserve Accounts of Banks, Corporations, Firms and Individuals.

Commercial Banking, Domestic and Foreign.

American and Foreign Investments.

Foreign Exchange.

Travelers' and Commercial Letters of Credit.

Handling practically every other kind of financial transaction.



BANKERS TRUST COMPANY

NEW YORK

PARIS

peated. A large acquaintance is important to a business man, then, somewhat according to the goods or service he has to sell. The man dealing in articles, such as loaves of bread, that are bought one day, and consumed, and replaced, the next day, might have one or two big customers who would take his entire output. Those customers might be the only acquaintances, for the time being, that he would actually need. But the automobile dealer must know many people—for when he has sold a man a car, he will not sell him another for a long while.

If he sells windmills, he needs a still larger acquaintance. When a person is satisfactorily outfitted with a good windmill, there is no telling how long it will be before he sets forth shopping for another one. It is the same way with an architect; like the undertaker, nearly every job is for a new client—one that he has never served before, and may never serve again.

Every business man would do well, it seems to me, to check up a bit on the size of his acquaintance and determine if it is as large as the nature of his business requires. Take a lesson from the smart undertaker who aims to know everybody.

We know that the trade of a retail store is somewhat in proportion to the amount of pedestrian traffic passing the store. And yet the merchants along Fifth Avenue, New York, are trying to get the city to limit the number of parades allowed to be held on that famous street. Parades there have become a nuisance. They draw *too much* of a crowd. People who desire to get into a store can't do so because of the difficulty of making their way. And, furthermore, the crowd is composed not of shoppers but of idle curiosity seekers. The parade takes their mind off the idea of buying, even if they had planned to do so. Cigar store proprietors long ago discovered that men smoke less while watching a parade. And this is equally true of various other kinds of buying.

A big concern had it in mind to manufacture farm tractors. But before they put a single tractor on the market they spent fifty thousand dollars in getting together great bales of printed information, gathered by expert investigators, covering every possible phase, direct and indirect, of the demand for farm tractors. They found out how many acres of tillable farm land there are in the United States, the exact yield from the average acreage in different parts of the country, the number of days devoted to plowing, the number of horses used, the distance of farms in various localities from villages where tractors might be repaired, and a thousand other items, many of which might not at first seem related to the main proposition. So far as business is concerned we are coming more and more into an age of definiteness.

John Bull Is Selling Ships

EXPORTING SHIPS played a large part in the activities of England's shipyards last year. Thirty-eight per cent of the tonnage constructed was for foreign owners. The total construction in British yards in 1921 was 1,538,000 tons. The tonnage launched in American yards was about 1,000,000, and in German yards 509,000. Germany's figure compares favorably with her pre-war annual construction and included 40 vessels between 4,000 and 7,000 tons, 13 between 7,000 and 10,000, and one around 14,000 tons.

The Difficult Science of Being Right

SOME TIME AGO The NATION'S BUSINESS printed an article on "The Human Side of Banking," which described the unusual and helpful things a bank does for its clients. Here is an article from a man in the service department of one of America's biggest banks which gives a broader view of that financial nerve center. A hundred-million-dollar bank knows not only its customers' affairs, it knows world affairs. It creates within itself a news gathering institution like a metropolitan press service, covering sometimes the same field as a newspaper.

THE EDITOR

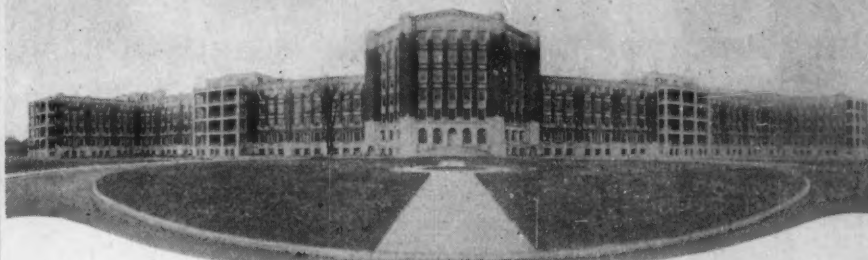
A SNAPSHOT of a great New York City bank's financial condition will show how much it has at stake in the human equation—a bank showing gross deposits and other liabilities to the public, other than its own stockholders, of about \$340,000,000. At the same moment its resources, including loans and discounts and other items, amounted to about \$390,000,000. That is, these liabilities were about 90 per cent of its stated resources. Of that \$390,000,000 of assets, \$250,000,000 was loans and discounts—representing money due it from thousands of individuals, firms, banks, companies and corporations to whom it had extended its credit, secured either by specific collateral, or by the business responsibility of the borrowers.

It is this aspect of a great commercial bank's business which calls constantly into play the bank's "science of being right," not only as to individuals, but also as to general business conditions; and even going further afield, as to general economic conditions. It is because their faith in men and concerns is founded on exact methods, and because their judgment is based on knowledge of the facts involved in their customers' business prospects and abilities, that our banks, in the vast majority of cases, experience no trouble in collecting the amounts due on their customer's notes at maturity.

It is not a simple matter of cold facts and exact figures either. It is all involved in a vast complex of human relationships. Behind those \$250,000,000 of loans and discounts in the bank's portfolio are notes that constitute a roll call of all kinds of business activity, carried on by thousands of men and concerns who have borrowed and have staked it, first on their own business abilities, and secondly, on American business conditions.

Thus the bank has a double problem—the human element and the technical element. Every name on its books represents a study in human character, psychology and ambition. One of the greatest bank credit authorities in the country believes that in forming judgments on credit risks this human element is fully fifty per cent of the problem—and in practice he has been known to let the human element outweigh technical considerations in special cases.

"The moral risk" is the phrase technical credit men use, but there is more to this human-element aspect of credit than implied



HENRY FORD HOSPITAL, Detroit, Mich.

Equipped with DAHLSTROM Hollow Metal Doors and Interior Metal Trim

Buildings are often called fire proof which would, in case of fire, act like a stove.

The construction is steel. Concrete floors and metal lath are used but—wooden doors and trim are also used. When a fire gets a start, those tile and plaster walls cannot stop it if the openings contain doors that will feed the flames instead of check them.

Dahlstrom Hollow Metal Doors and Trim will stop the flames in such a building—there is nothing in them to burn.

DAHLSTROM METALLIC DOOR COMPANY

481 Buffalo Street - - - Jamestown, New York

NEW YORK OFFICE
25 Broadway

DETROIT OFFICE
1331 Dime Bank Bldg.

CHICAGO OFFICE
19 So. LaSalle Street

Representatives in All Principal Cities



"I am well impressed—"

particularly with the grade of securities in which your firm's surplus is invested."

Such comment from one's banker is more than gratifying when credit needs are being discussed.

Investments which earn this approval need not rest wholly on the financial judgment of the heads of a business.

Years of experience enable us to assist customers in selecting bonds which *exactly* fit the requirements—of business concerns, banks, estates or individuals.

No transaction is too small for careful handling.

OUR BOOKLET, "Choosing Your Investment House," gives information valuable to investors concerning the abilities and equipment essential to rendering a complete and reliable investment banking service. A copy will be sent without obligation, if you will write for booklet NM-1

HALSEY, STUART & CO.

INCORPORATED

CHICAGO
209 S. La Salle Street
DETROIT
Ford Building

NEW YORK
40 Wall Street
MILWAUKEE
First Wis. Nat'l Bank Bldg.

BOSTON
10 Post Office Sq.
ST. LOUIS
Security Bldg.

PHILADELPHIA
Land Title Building
MINNEAPOLIS
Metropolitan Bank Bldg.

Fill in and mail for booklet, "Choosing Your Investment House," No. NM-1

Name.....

Street..... City.....



CHOOSING YOUR INVESTMENT HOUSE
Halsey, Stuart & Co., Inc.

Competition in Economy

One fundamental problem stands foremost for business—a realignment of price levels where buying power of incomes will permit a return to normal consumption.

The first step toward restoring balance between purchasing and productive capacities must be elimination of the wastage which has been one cause of present conditions.

That can mean but one thing—a return to rigid, scientific economy in every branch of industrial and distributive processes.

Economy in labor cost is only by giving labor a large return, not in dollars, but in actual merchandise which dollars will buy. In that way only can consumption increase and production return to normal.

For a long period business primarily studied and practiced the science of expansion. For some time to come the chief emphasis must be placed on the science of economical production and distribution.

During a period of declining prices, profits are the reward of successful competition in economy.

The National Bank of Commerce in New York places sound economies foremost as a measure of credit safety.

National Bank of Commerce in New York

Capital, Surplus and Undivided Profits
Sixty Million Dollars



by this formula which refers chiefly to a man's reputation in the trade for paying his bills, and, generally speaking, for observing the accepted canons of business conduct and probity. But things more personal than that also count. Is beating his wife, a thing to be considered? Is getting drunk, another? Is having two automobiles when he can only reasonably afford one? Is nursing too many sons in his business a thing to be noted? Is gambling?

All of these are items of importance in credit judgment, not because a bank is puritanical in reference to how a man should treat his wife, or pernickity about sporting events and pastimes. But it considers these things because it knows that too many sons weaken a business and too much family trouble distracts the mind.

In the past it was sufficient for banks to equip themselves with a thoroughly organized credit department—a department which analyzed specific credit risks, considering the reliability of individuals, the ability of the management of any particular company seeking a loan, the financial set-up of the concern, and conditions in its own line of trade. As to broad business conditions reliance was placed on the vision, foresight, general information and good judgment of the bank loaning officers who say the final "yes" or "no" on an application for credit.

But the complexity of modern life has made more than this necessary. American banking has passed beyond the stage where it can rely upon anything but a scientific analysis of the more general and less tangible aspects of business conditions. So complex have become the contacts of American banking today that the greater institutions have found it necessary to equip themselves with departments which may generally be described as departments of economic research, although even this term covers a multitude of activities not strictly confined to such a field.

But how does it come that a bank, which has thus equipped itself to obtain fundamental knowledge on the world's great commodities and industries, finds itself before long using the same department to tell some bank in the far west the history of some sporting event? The answer is that the human element crops out in most unexpected manifestations.

The Next Step

THE next step in the evolution, after a bank has been equipped to gather these special kinds of information for itself, was to share its knowledge with its friends. It may make the general attitude involved in this clearer to cite the particular practice of a great New York bank which has prepared itself with especial completeness to handle what may be called the non-banking phases of its activities. For instance, the National Bank of Commerce in New York handles this work through its Service Department. The department contains a statistical division, whose function is to advise the bank and its customers and friends regarding conditions in the commodity markets, both great and small, at home and in all parts of the world. It has an economic division, devoted to study of the broader aspects of commercial and industrial activity. Its legislation division makes a particular study of laws proposed, existing, and pending, affecting business. A miscellaneous division performs functions and handles subjects not properly falling within the scope of any of the others. There is also maintained in the department a library in which financial, economic and commercial books, pamphlets, clippings, and periodicals,

and Government documents are kept available for reference work.

In the course of the activities of these diverse divisions they have come into possession of many direct contacts with a great variety of life, of a great fund of miscellaneous sources of information and manifold means of getting things done not available to the average human being. Thus studies as to shipping conditions, immigration problems, labor conditions, Governmental procedure in reference to immigration, has made the department particularly well informed as to conditions of travel from various parts of the earth into the United States.

Now it happens that the bank has many correspondent banks throughout the country—banks in Polish neighborhoods or Italian neighbors, say, whose customers often are desirous of bringing friends or relatives to the United States from the old country. These banks have always been neighborly and their customers have turned to them with their problem. The smaller banks in turn have come to the metropolitan bank and have found help in arranging passage for the distant relatives, planning the itinerary, buying transportation, transmitting money to them and helping them through the mazes of Ellis Island.

This is only one illustration of hundreds of cases in which the ability of the bank to do a thing by virtue of its studies for more theoretical purposes has been transmuted into an act of human helpfulness not contemplated in the premises. The genesis of facilitating the purchase of tickets for customers, helping the young man in hospital and hundreds of other acts is the same—a by-product of more strictly business activities.

The business philosophy of it would not be complete without raising the question: Does it pay? A commercial bank's fundamental reason for being is that it helps others to do business. The more it helps others to do business the more it earns profits for itself. If it helps a correspondent bank cement its clientele to it by helping its foreign born customers in their family immigration problems, the more it helps its own business through that bank; if it helps any business house improve its good-will, it helps itself.

In a broader sense, the more soundly it may be able to advise its customers on business conditions, the more solidly based is its own business. Thus, although the great banks have performed a multitude of services that are not directly productive of profits, services which they in no sense anticipated being called upon to perform when they undertook this latest evolution in their technical equipment, nevertheless they have found that within limitations the cheerful performance of such services is justified as a business function.

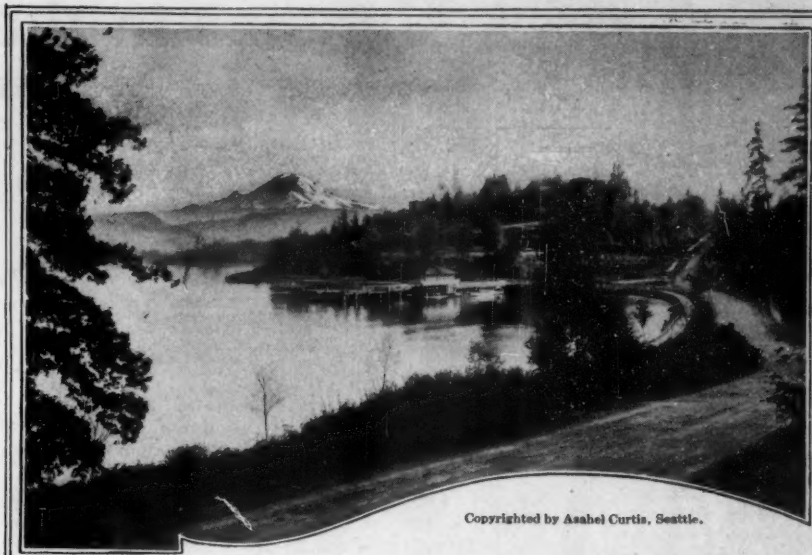
A Business-minded Postoffice

WE SOMETIMES speak unkindly of our postal system, but here's a little story of the Paris postoffice:

Last summer the Grosvenor Library of Buffalo was asked the height and dimensions of the Venus of Milo. The library had not the figures available and sent to headquarters to find out, writing directly to "The Louvre, Paris."

The reply came back on the letterhead of the "Grand Magasins du Louvre," and said, "We are pleased to give you herewith the inquiries requested." Then followed prices of bronzes of the Venus of various heights from 280 francs to 300 francs.

The Paris postoffice had overlooked the museum and sent the letter to the department store.



Copyrighted by Asahel Curtis, Seattle.

Lake Washington Boulevard, bordering one of Seattle's residential districts

Seattle Center of the "Charmed Land"

SEATTLE, at the cross-roads of commerce, nearer to the wealth of the Orient and of Alaska than any other American city, with more transcontinental railroads than any other port on the Pacific, with vast basic resources surrounding it, almost unlimited hydroelectric power, and the best climate on the continent, presents a challenge and a lure to any man seeking opportunity in industry or commerce. It is a city of red-blooded up-and-doers and it extends an invitation to those of its sort.

And while making money, why not live? We go through life but once.

Dr. Woods Hutchinson, the distinguished author and physician, in his well-known work, "The Conquest of Consumption," says:

"It is the charmed land of the American continent, the most restful and soothing climate in the world, the land where 'it is always afternoon'—the ideal home for the blond races upon this American continent, and not half appreciated yet at its full value. If you have never seen Washington, Oregon, or British Columbia in summer, you lack important qualifications for imagining what the climate of heaven may be like."

Allen D. Albert, of Minneapolis, past president of the International Rotary Clubs, in an address at the annual banquet of the Kansas City Chamber of Commerce in 1920, said:

"The richest cities in the world are in the vicinity of Puget Sound—Seattle, Tacoma, Vancouver, Victoria, and Spokane. Why? A very lovely thing: richness of life for all their people."

Spend Your Vacation in the Charmed Land. The Seattle Chamber of Commerce invites you to come direct to its Tourist Bureau, 702 Third Ave., so that they can make things easy for you. Come by train or auto—you'll be delighted.

Live in Seattle, the healthiest city in the world, for the pure joy of living. Manufacture in Seattle and distribute from Seattle for Pacific Coast markets.

Write fully and frankly to the SEATTLE CHAMBER OF COMMERCE, 913 Arctic Building, Seattle, Wash.



Positively Safe Checks— to send Salesmen

Salesmen's salary and expense checks knock about the mails, are forwarded from hotel to hotel, passed through many hands and are cashed far from home.

Are you fully protected against the hazards of such dangers? Suppose one of these checks should get into the hands of some unscrupulous individual and be altered to read a much larger amount than you originally intended, cashed and go back to be charged against your account? Would you suffer the loss?

You don't have to.

Ask your banker for a supply of Super-Safety Insured Bank Checks. He will give you a bond positively protecting you against loss through fraudulent alteration to the amount of \$1,000.00 on every check you write.

If you cannot find a banker who will accommodate you, write us and we will give you the name of one nearby.



LOOK FOR THE EAGLE DESIGN
ON EVERY CHECK YOU SIGN

Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use

**SUPER-SAFETY
Insured
BANK-CHECKS**

\$1,000.00 of check insurance
against fraudulent alterations,
issued without charge,
covers each user against loss

The Bankers Supply Company

The Largest Manufacturers of Bank Checks in the World
NEW YORK CHICAGO DENVER
ATLANTA DES MOINES SAN FRANCISCO

"Income in the United States"

By WARREN BISHOP

THE most prosperous 1 per cent of the income receivers of the country in 1918 had nearly 14 per cent of the total income." This 1 per cent had incomes totaling over \$8,000,000,000.

That sounds like material for starting an oration on "the capitalist class," "the rich are getting richer," or "the domination of the dollar."

But it gets a little different sound when we add the statement:

"When we start from the top of the income scale we must go down to people receiving \$8,000 per annum in order to include 1 per cent of the income receivers."

These figures are taken from "Income in the United States," the result of more than a year of work by the staff of the National Bureau of Economic Research and recently published by Harcourt Brace & Co.

The bureau set out to answer these questions:

- What is the aggregate income of the American people?
- How much does that income vary from year to year?
- What part of the changes are due to fluctuations in prices and what part to fluctuation in the production of goods?
- How is the aggregate income divided among individuals?
- What proportion of the whole income goes to wage earners and salaried employees?
- How does the per capita income in the United States compare with that in other countries?

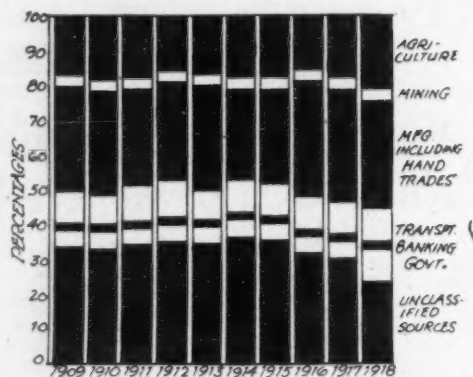
Let us give the bureau's answers to these questions in very brief form:

(a) The aggregate income of the American people in 1918 was \$61,000,000,000. This does not include any allowance for the money value of work done by housewives for their own families. This has been estimated at \$18,450,000,000.

(b) Here is the estimate from 1909 to 1918 in billions of dollars at current prices:

1909	.....	\$28.8	1914	.....	33.2
1910	.....	31.4	1915	.....	36.0
1911	.....	31.2	1916	.....	45.4
1912	.....	33.0	1917	.....	53.9
1913	.....	34.4	1918	.....	61.0

(c) Most of the huge increase in the national income during the war was due merely to the



Percentage of income in the United States derived from various sources

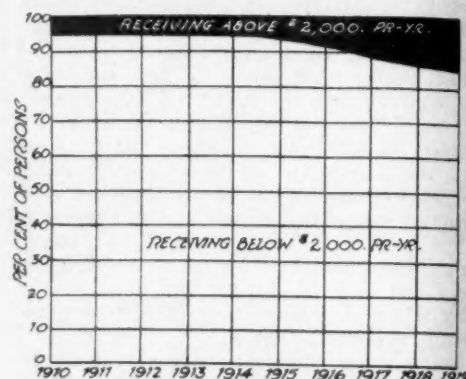
rise of prices. The per capita income rose from \$319 in 1909 to \$586 in 1918. If those figures were turned into 1913 prices we find that the 1909 income was \$333 and the 1918 income \$372.

(d) One indication of the division of income among individuals was given above.

Here is another: "The most prosperous 20 per cent of the income receivers had about 47 per cent of the total income..." but "to include 20 per cent we must include part of the \$1,700 to \$1,800 class."

(e) "The share of the net value product of different industries which is paid to employees as compensation for their services (not by any means equivalent to the 'share of labor' in industry) varies from about one-eighth of the total in agriculture to about three-fourths of the total in mining, manufacturing, water transportation and government work."

"In the highly organized industries conducted on a large scale the pay of employees, including the salaries of officials, absorbs in most years some 69 to 72 per cent of the net value product. The remaining 31 to 28 per cent is the share of a 'management and capital.' From it are paid interest, rents and profits. . . . Of the



Percentage of persons over and under the \$2,000 a year line

total payments to employees about 92 per cent goes to the manual workers and clerical staff, while 8 per cent goes to officials."

(f) Not only the national income but the per capita income is much larger in the United States than in any other country. These are the figures at the outbreak of the war for the countries whose income estimates are the most complete:

NATIONAL INCOME

	Billion	Per capita
United States	\$33.2	\$335
United Kingdom	10.9	243
Germany	10.5	146
Australia	1.3	263

These are not statements to be swallowed without some inquiry as to the authority and the methods of collecting them. The work was done under the supervision of the directors of the bureau which include such varied elements as Prof. T. S. Adams, Professor Commons of Wisconsin, John P. Frey, editor of the *International Molders' Journal*, Edwin F. Gay, of the *New York Evening Post*, J. M. Larkin, of the Bethlehem Steel Corporation, Harry W. Laidler, secretary of the Intercollegiate Socialist Society, J. E. Sterrett of Price, Waterhouse & Company, Hugh Frayne of the Federation of Labor, George E. Roberts of the American Bankers Association, Malcolm C. Rorty of the Statistical Association, and Gray Silver of Federation of Farm Bureaus.

Four men signed the results, Wesley C. Mitchell, Wilford I. King, Frederick R. Macaulay and Oswald W. Knauth. They approached the task of estimating the national income along two routes. Mr. King set out to make an estimate by sources of production based on statistics of coal and metals

Build at

"B"



HE who Builds at the Bottom and Buys at Bed Rock, may do so best by preparing plans and specifications on a declining market (NOW).

He who Builds on a rising market, accepting higher costs, can postpone planning. Proper plans and specifications cost least of any part of a building program but may easily be the most valuable.

Do you buy low or buy high?

We can do our best work for you by planning now. Then with plans complete you can insure getting the best value per dollar by building at the right time. Write for our proposition on plans and specifications.

THE H. K. FERGUSON COMPANY

Engineers 6523 Euclid Ave. CLEVELAND Phone: Randolph 6854
31 West 43d St. NEW YORK Phone: Murray Hill 3973
1637 Monadnock Block CHICAGO Phone: Harrison 1786

Ferguson
ONE OF AMERICA'S BEST BUILDERS

1922

will reward foresight

Prices go up and down. You will *save* money by buying when they are lowest. Demand is capricious. You will *make* money by manufacturing and marketing to meet it.

Standard Daily Trade Service

"A Condensed Survey and Forecast of Business Everywhere"

has prepared special analyses of the outlook for the following fifteen basic commodities and their products:

Iron and Steel
Petroleum
Copper
Lead
Zinc
Rubber
Hides and Leather
Sugar

Silk
Wheat
Corn
Cotton
Wool
Paper and Pulp
Coal

Check the one interesting you most, and tear out the list. Tell your stenographer to *pin it to your letterhead* and mail. Sample analysis will be sent you without charge or obligation. Act! *There will be big profits in 1922 for the well informed.*

Standard Statistics Company, Inc.

47 West Street

New York

mined, lumber cut, crops grown, raw materials transported or manufactured and the like. Mr. Knauth undertook an estimate by incomes received, using such data as income tax returns, reports on wages and salaries, investigations of the profits of farmers and the like.

The two investigations were made independently and then compared. The agreement between the two was, in the phrase of the compilers, "remarkable." For the nine years, 1909 to 1918 inclusive, covered by both investigations, the average national income as reckoned by sources of production was 40.2 billions and by incomes received 39.7 billions. For 1918 the former was 60.4 billions and the latter 61.7. Near enough for most of us!

What is meant by national income as these investigators are seeking to run it down? Here's a definition, a little long, perhaps, but, worth reading if we would understand what makes up that 61 billions:

The national income is taken to consist of the commodities and services produced by the people of the country or obtained from abroad for their use, with the omission of goods for which no price is commonly paid; for example, the services of housewives. Agricultural produce consumed by the families that produce it, mainly food and firewood, is included, and so also is the rental value of homes occupied by their owners. Finally, income is reckoned on a net basis, that is, negative income, maintenance and depreciation charges are deducted, but not "extensions and betterments."

Income by sources is divided into seven main groups and here is the proportion for two years, 1913, the last before the war, and 1918:

	1913	1918
Agriculture	16.54	21.01
Mineral production	3.35	3.33
Manufacturing, including hand trades	29.50	31.47
Transportation	9.38	8.67
Banking	1.43	1.27
Government	5.14	8.87
Unclassified industries and miscellaneous income	34.66	25.38

The last section, say the compilers, is the least certain and least satisfactory. The larger element in it is the value product of wholesale and retail merchants. It would include also the value product of the professions.

Something has already been said of how the incomes are distributed and the accompanying chart shows the percentage of persons above and below the \$2,000 income line. Here is the conclusion reached by the Bureau of Economic Research:

What the results indicate is that about a third of the national income went to the most prosperous twentieth of the income receivers in 1913 to 1916. But after 1916 the money incomes of this class increased less rapidly than did those of the other nineteen-twentieths so that the share of the total received by the most prosperous 5 per cent dropped in 1919 to about a quarter of the total.

Just for a speculation if we count among the "very rich" all those having incomes of \$60,000 or over, there were 16,233 of them in 1918 and their share of the total income was some 2½ billions, a very respectable amount, but only some 4 per cent of all the incomes of the United States.

Standardization in Building.

WHENEVER in the past a movement was started to standardize building materials, the manufacturers said in effect: "How can we? We'd gladly cut down styles and sizes, but the architects, particu-

How Much Should Your Dollar Earn?

THOSE dollars you have worked hard for and laid by—how much should they earn for you?

Seventeen years ago Roger W. Babson discovered that a definite law governs securities and their earning power—a law that enables you to know in advance whether the price of your securities will be higher or lower—whether the companies back of them will be stronger or weaker—whether they will earn more or less.

Babson's Reports

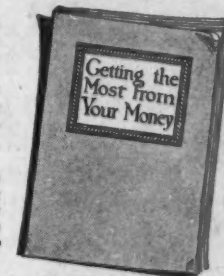
The whole thing has been worked out into what has come to be known as the Babson Method—a plan being followed by over 8,000 of the keenest executives today—a plan that enables them to enjoy half again to twice the usual return without the risk, worry or loss of time involved in ordinary investment and speculation.

If you have less than \$5,000 there is some question about your being able to apply the Babson Method profitably. If you have \$5,000 or more, however, it will practically eliminate the chance of loss and doubtless increase your investment income 50%.

Write for Booklet—Now

You will find the whole story—principles and all—in the booklet, "Getting the Most From Your Money."

Tear out the MEMO—now—and hand it to your secretary when you dictate the morning's mail. No obligation.



Merely Ask for Booklet C41

Babson's Statistical Organization
Wellesley Hills, 82, Mass.
(Suburb of Boston)

The Largest Organization of Its Character in the World

Memo for Your Secretary

Write Roger W. Babson, president of Babson's Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me Booklet C41 "Getting the Most From Your Money," and recent report, gratis.



The Secret of Failure!

Commonly practiced traditional methods of cost calculation are responsible for

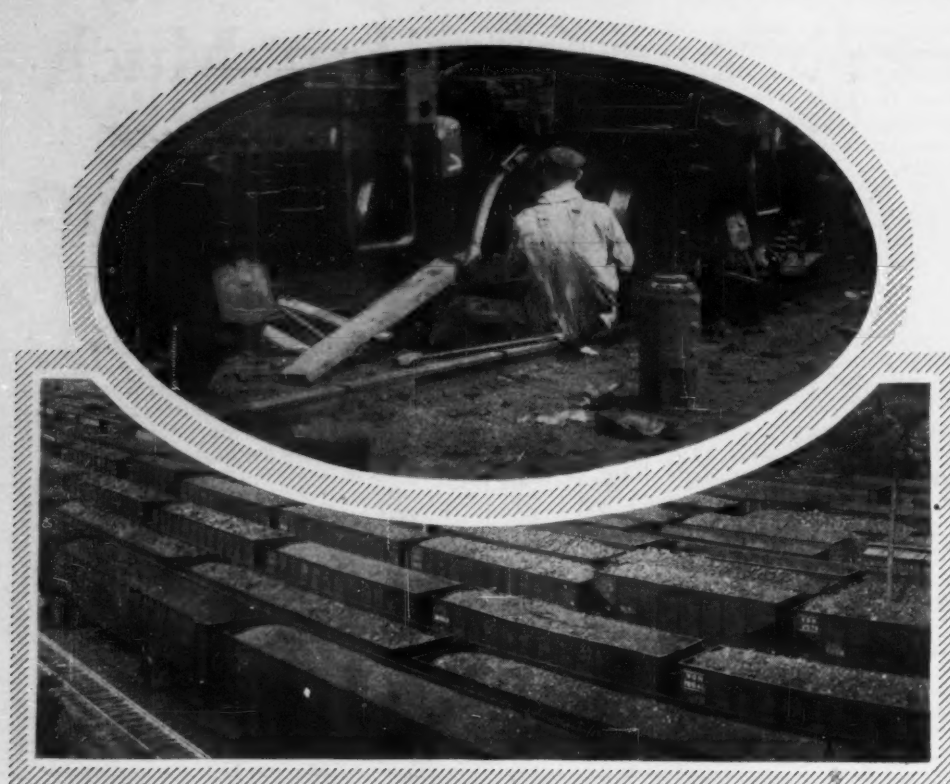
Most Business Failures

There is no overhead! Modern conditions demand modern methods

Send for the General Managers' Expense Analysis, Free

Address

THE DENHAM COSTFINDING CO.
COST ENGINEERING SERVICE
407N Sloan Building
Cleveland, Ohio



Another case of getting "back to normal"

NOTWITHSTANDING the amount of *new* rolling stock the Railroads are purchasing, in so far as their financial means permit, great stress will continue to be placed on the importance of rehabilitating the many *old* cars and locomotives now idle on the sidings.

The restoration of adequate carrying facilities admittedly depends as much on the rehabilitation of this old equipment as on the purchase of new.

With this situation in mind we have been giving special attention to the matter of Air Brake repairs—imperative in the interest of safe and efficient operation—and stand ready with the most complete Air Brake repair facilities in existence to assist the Railroads in negotiating a safe course "back to normal" with the least possible discomfiture and delay.

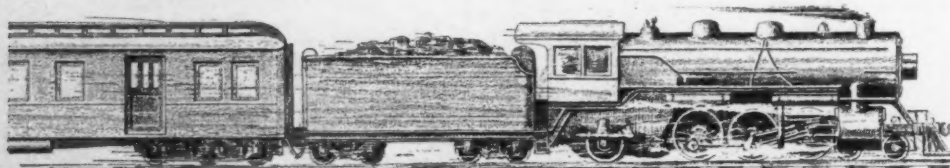
Practically all Railroad Officials are familiar with the advantages of our Air Brake Repair Service. We will be glad to answer inquiries from any who are not.



WESTINGHOUSE AIR BRAKE CO.

GENERAL OFFICES AND WORKS, WILMERDING, PA.

NEW YORK WASHINGTON CHICAGO ST. LOUIS SAN FRANCISCO



larly, and back of them the engineers and contractors won't let us."

That objection through the efforts of E. W. McCullough, head of the National Chamber's Fabricated Production Department, with the support of the Department of Commerce, has been met. Architects and construction engineers and contractors met the other day at the Department of Commerce in Washington, heard from Secretary Hoover and some of his associates, talked things over and then adopted a resolution which said:

That this committee formed to discuss the subject of dimensional amplification recommends to the Department of Commerce that the Division of Simplified Practice study certain essential parts of construction with a view to simplifying the types and lessening the number of different dimensions of these parts.

And that is the first step along a road that will end with a saving to the United States of many millions, a quickening of building and a bettering of construction quality.

Seven things are to be considered at once, and a subcommittee will be named by the department to consider each. These are the seven:

Millwork	Plumbing
Heating	Interior wall construction
Hardware	Lighting fixtures
Clay products	(including brick, tile, terra cotta, etc.)

One result of this move towards standardization in building will be, it is thought, an increased fabrication of parts at factories and a lessening of hand labor at the point of erection.

Shipping Pool Planned

A THIRTY-MILLION-DOLLAR Pacific coast shipping pool, to be composed of interests in practically all the Pacific ports and to act for the concerted development of all of them, was discussed recently in Washington with President Harding and Chairman Lasker of the Shipping Board. The organization proposes to buy and operate Shipping Board vessels for Pacific transportation.

Herbert Fleischacker of San Francisco, a prime mover in the plan, said after the conference that it must necessarily be held in abeyance "until Congress has determined just what it proposes to do for the upbuilding of the American merchant marine"; and explained that inequalities due to capital cost and the cost of operation of American vessels made the undertaking impracticable without Congressional aid.

Capt. Robert Dollar of San Francisco, H. F. Alexander of Seattle, J. C. Ainsworth of Portland, John S. Baker of Tacoma, Joseph H. King of Oakland, John D. Fredericks and Maynard McFie of Los Angeles were among others who took part in the conference.

The Chamber of Commerce of the United States by a referendum two years ago urged the formation of voluntary regional associations, including one or more on the Pacific coast, to stimulate general interest and general investment in the merchant marine as a business proposition. Through such regional associations, it was held, a wide distribution would be effected of ocean-going tonnage to citizens and firms throughout the country.

The National Chamber's suggestion was that such associations should be composed of bankers, shipping operators and public-spirited business men, not to own and oper-

ate ships for a profit, but to act as intermediaries to help purchasers obtain necessary capital and to assist in the judicious distribution of the ships.

The Pacific coast pool was formed on the initiative of shipping and banking interests there, and is intended to operate ships for a profit. It is of interest as the possible starting point of other regional shipping pool movements.

The Business Library

THE STORY is told of a certain firm which sent a high-salaried executive on a week's trip to a distant city to secure some information which was urgently needed. The man came back with three pamphlets which contained the necessary facts. The matter came to the attention of the firm's librarian and that individual, after a few moment's search, was able to produce the same documents from the data files of the firm's own research library.

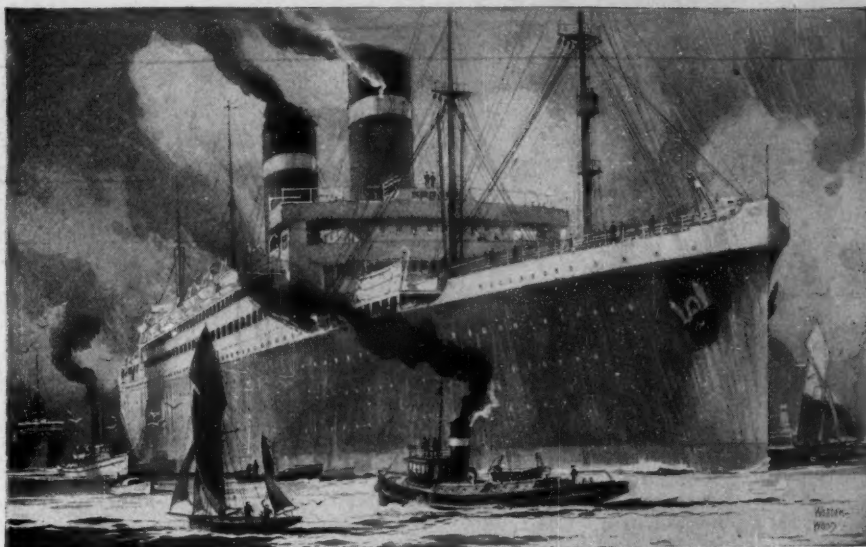
That American business executives are coming more and more to realize the importance of readily available facts and information is shown by the rapid growth of business and industrial research libraries, with trained library experts in charge. As the result of a recent survey made by the national Special Libraries Association, over 1,300 special libraries were discovered, and of this number about half are directly concerned with problems of a strictly business character.

Business libraries are to be found in all the more important lines of manufacture and commerce as well as in the fields of science and the professions. Such collections are maintained by companies producing foods, metal products, electrical supplies, explosives, rubber, oil, paper, textiles, shoes, soap, office appliances, firearms, books and magazines, etc. While these libraries are maintained primarily to aid executives, they have frequently rendered valuable service in the education of company employees. In some cases the facilities of the central library are extended to factory branches in various parts of the country by the establishment of branch libraries.

Business libraries have many interesting special features. One contains 10,000 folders of financial reports and other data on different corporations. The wonderful collection of the Economics Division of the New York Public Library includes almost 300,000 volumes on economic subjects. Several libraries publish bibliographical or news bulletins. Special collections of data on Apprenticeship, Mutual Benefit Societies and Stock Subscription Plans have been assembled by one library, and another answered almost 2,000 reference questions in six months. One library, established in 1872, maintains a Trade Mark Bureau which registers certain trade names, and another has a comprehensive collection of motor truck operating cost records. The number of libraries interested in Business Research, Industrial Management, Vocational Education, and Statistics is on the increase.

The complete findings of the Special Libraries Association's survey have recently been published in a "Special Libraries Directory," edited by Dorsey W. Hyde, Jr., president of the association, who is assistant manager of the Civic Development Department of the Chamber of Commerce of the United States.

In so far as known, the Directory represents the first attempt ever made at a comprehensive study of the special information sources of the United States.



Going Abroad?

WILL you make a business trip to Europe this year? Or are you and your family planning a pleasure voyage to the great spectacle of the Passion Play and the many places of new significance in Europe today?

If you are planning a trip, send the information blank below. Send it now, no matter when you intend to go, and learn about the great American ships which now will take you there.

Aristocrats of the Sea

Description of these magnificent ocean liners demands superlatives. No expense and no care has been spared to make them rank among the very finest afloat. Every detail of their luxurious appointments displays faultless taste. The most fastidious demands of the seasoned traveler are everywhere anticipated. The staterooms are unusually spacious and ultra-modernly equipped. The public rooms offer every facility for diversion. The food is prepared by chefs of proven ability. Only the best is served.

You will be proud of these ships and the expert and willing service rendered on them. Send the information blank now and learn more about your ships.

For information in regard to sailings and accommodations, address

United States Lines

45 Broadway

New York City

Moore & McCormack, Inc.
Roosevelt Steamship Co., Inc.
United American Lines, Inc.

Write for Booklet

Your Government wishes the name of every prospective traveler. If you are considering an ocean voyage anywhere send the information blank now — no matter when you intend to go. You will receive without cost the Government's booklet of authentic travel, information about passports, income tax requirements, etc.; description of the U. S. Government ships and literature telling of things to see in foreign lands. You will be under no obligations.

If you yourself cannot take an ocean trip, clip the information blank anyway and ask some friend who may go to send it in.

U. S. SHIPPING BOARD

Information Section 2113

Washington, D. C.

INFORMATION BLANK

To U. S. Shipping Board

Information Section Washington, D. C.
U. S. 2113

Please send without obligation the U. S. Government Booklet giving travel facts and also information regarding the U. S. Government ships.

I am considering a trip to Europe ☐ to South America ☐ to The Orient ☐ I would travel 1st class ☐ 2d ☐ 3d ☐ Going alone ☐ with family ☐ with others ☐.

I have definitely decided to go ☐. I am merely considering the trip ☐.

If I go date will be about _____

My Name _____

Business or Profession _____

My Street No. or R. F. D. _____

Town _____ State _____



Snow on the Mountain Makes Power in the Valley

When everything that will burn—the coal and the wood, the oil and the gas—has been consumed, and the energy so released has been dissipated, there will still remain for mankind an inexhaustible source of power in the endless cycle of moisture moving from cloud to mountain-top in snow or rain, thence to the valleys in little streams and great rivers, and so, finally, back again in vapor to the clouds.

And the potential energy so released, utilized to do such a simple thing as the turning of wheels, will provide the people with ample supplies of light and heat and power for all their needs.

It is a wonderful thing, this matter of the translation of raw energy into a form that is useful and convenient and economical; and it is worthy of the thought and study of every good mind.

Westinghouse has for years given the best of its research and engineering talent to the development of the great possibilities that are even yet only dimly seen by gifted men who have studied no other question for years. The subject of the most efficient types of apparatus for con-

verting the power of the flowing waters into electrical energy; the question of the best methods of transporting this energy to its thousands of points of application; the problem of the many needs this distributed energy can meet and how best to meet them; these are just a few of the many things that must be progressively settled, and settled wisely, by the great industry of which Westinghouse is a part.

Even in the relatively few years that have passed since Westinghouse furnished the equipment that turns a tiny bit of Niagara's might into channels of usefulness for thousands, great steps forward have been made in electrical progress. Yet so young is electrical science that its possibilities for service and usefulness are still unlimited.

Employed today in the public service, in industry, and in homes, as a manufacturer and distributor of electrical and mechanical apparatus necessary for convenience, for economy and for progress, Westinghouse tomorrow will be the supplier of equipment that will be necessary for life itself.



WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in all Principal Cities • Representatives Everywhere

Westinghouse

POWER PLANT AND LINE EQUIPMENT